Daily Report

Central Eurasia

FBIS-SOV-95-164
Thursday
24 August 1995

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FBIS-SOV-95-164 *24 August 1995*

CONTENTS

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CHECHEN AFFAIRS

Negotiations in Groznyy

Romanov, Maskhadov Official Spokesmen on Talks *[INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY]* 1
Lobov To Lead SC Delegation to Groznyy 24 Aug *[ITAR-TASS]* 1
SC Secretary Lobov Not Going to Chechnya *[Radio Rossii]* 1
Rumors Dismissed of Volskiy's Dismissal From Talks *[Moscow NTV]* 1
Chechen Disarmament Expected To Continue *[ITAR-TASS]* 2
Romanov Views Chechen Disarmament Agreement *[Moscow ORT]* 2
Mikhaylov Dissatisfied With Chechen Disarmament *[INTERFAX]* 3
Zorin: Military Issues Before Political Issues *[INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY]* 3
Kvashnin: Disarmament Depends on Political Issues *[ITAR-TASS]* 3

Military Operations

Zhirinovskiy: Caucasus Military Coup Being Prepared *[St. Petersburg TV]* 3
Allegations of Chemical Weapons Use Investigated *[IZVESTIYA 24 Aug]* 4
Army Commander Petrov Denies Chemical Weapons Use *[Moscow Radio]* 6
Military Denies Permitting Khamzatov To Escape *[ITAR-TASS]* 7
Article Assesses Argun 'Terrorist Act' *[KRASNAYA ZVEZDA 23 Aug]* 7
Argun Events as Backdrop to Federal Forces' Actions *[SEGODNYA 23 Aug]* 8
Expenditures on War Outstrip Military Budget *[ITAR-TASS]* 9

Politics and Nationalism

Governor for Chechnya Impossible To Find in Kremlin *[MOSKOVSKIY KOMSOMOLETS 23 Aug]* 9

INTERREGIONAL AFFAIRS

Broadening of Intergovernmental Bank's Rights Urged *[SEGODNYA 23 Aug]* 11
ITAR-TASS Carries Press Review for 24 Aug 11

RUSSIA INTERNATIONAL AFFAIRS

Balkan Tour of Yeltsin's Representative Detailed *[SEGODNYA 23 Aug]* 12
Moscow Stance on Balkan Crisis Seen Inconsistent *[MOSKOVSKIYE NOVOSTI 20-27 Aug]* 12
Moscow Hopes Serbs Show 'Restraint' in Gorazde *[INTERFAX]* 13
UN Commander on Krajina, Slavonia Situation *[KRASNAYA ZVEZDA 23 Aug]* 14
Russia To Proceed With Iran Nuclear Contract *[ITAR-TASS]* 15
U.S. Opposition to Reactors for Iran Viewed *[Moscow International]* 15
Border Accord With PRC Tightens Security *[ITAR-TASS]* 16
Investigation Continues Into Border Incident *[ITAR-TASS]* 17
Germany's Ruehe Supports Russian-NATO Cooperation *[ITAR-TASS]* 17

RUSSIA NATIONAL AFFAIRS

Political Issues

Diplomat Terms Abkhaz Decision 'Counterproductive' *[INTERFAX]* 18
Yeltsin Vetoes State Laws Passed by Duma *[ITAR-TASS]* 18
Yeltsin Signs Edict on 'Vybory' System Backup *[ROSSIYSKAYA GAZETA 24 Aug]* 18
Kremlin Presidential Election Strategy Seen *[MOSKOVSKIYE NOVOSTI 20-27 Aug]* 19
Yeltsin Said To Promise Rybkin Executive Position *[MOSKOVSKIYE NOVOSTI 20-27 Aug]* 21
Rybkin Seen as Authorities' 'Front Man' *[IZVESTIYA 23 Aug]* 21
Ryzhkov's Election Bloc Applies for Registration *[INTERFAX]* 22
Rutskoy's Bloc To Run List of 270 Candidates *[SEGODNYA 23 Aug]* 22
Pamfilova, Lysenko, Gurov To Form Election Bloc *[INTERFAX]* 23
Generals' Political Involvement Questioned *[MOSKOVSKIYE NOVOSTI 20-27 Aug]* 23
Pensions Crisis Likely To Impact Elections *[IZVESTIYA 23 Aug]* 24

Military Issues

Commander Views Air Force's Status, Future *[KRASNAYA ZVEZDA 19 Aug]* 25
Lack of Funds Leads to Army Food Shortages *[KRASNAYA ZVEZDA 24 Aug]* 28
Decree on Missile Technology Export Controls *[ROSSIYSKAYA GAZETA 18 Aug]* 28

Federal Assembly

Duma Deputy Comments on Disarmament of Chechnya *[INTERFAX]* 31
Duma Criticizes Government's Pension Reform Plan *[SEGODNYA 23 Aug]* 31

Regional Affairs

Yeltsin To Settle Dispute Between Altay Authorities *[ROSSIYSKAYA GAZETA 24 Aug]* 31
Chernomyrdin Ends Tour of Southern Siberia *[ITAR-TASS]* 32
N. Ossetian Premier Dismisses Deputies, Ministers *[INTERFAX]* 32
Rossel Pledges Cooperation With Central Government *[ITAR-TASS]* 32
Attack on Dagestan Leader a 'Political Act' *[SOVETSKAYA ROSSIYA 24 Aug]* 33
Petersburg 'Democrats' Form Pre-Election Alliance *[ROSSIYSKIYE VESTI 23 Aug]* 33
Baburin's Party Contests Omsk Election *[ROSSIYSKIYE VESTI 23 Aug]* 34
Hyundai Chief in Tatarstan To Discuss Cooperation *[KOMMERSANT-DAILY 22 Aug]* 35
Oblast Agreement on Socio-Economic Problems *[VOSTOCHNO-SIBIRSKAYA PRAVDA 15 Aug]* 35

Economic Issues

Central Bank Bribery Case Goes to Trial *[IZVESTIYA 23 Aug]* 40
Central Bank's Handling of Exchange Rate Lauded *[ROSSIYSKIYE VESTI 22 Aug]* 40
Economic Decline Not Yet 'Bottomed Out' *[IZVESTIYA 22 Aug]* 42
Action Urged on Kazakh-Japanese Ferroalloy Monopoly *[SEGODNYA 22 Aug]* 43

UKRAINE

International Affairs

Contingent of 'Blue Berets' Withdraws From Gorazde *[ITAR-TASS]* 45
Kuchma Deplores 'Idiosyncrasies' Over Fleet *[ROSSIYSKAYA GAZETA 24 Aug]* 45
Kiev Plans Talks With Russia on Karabakh Settlement *[INTERFAX]* 46

National Affairs

Rukh Address to Ukrainians on Independence Day *[Kiev International]* 46
Crimea Greets Ukrainians on Independence Day *[INTERFAX]* 47
Nationalists Participate in Rallies Honoring Patriarch *[UNIAN]* 47
Church Metropolitan, Other Speakers Address Rally *[INTELNEWS]* 47
Marchuk Interested in Renovating Tanks *[INTERFAX]* 48
Crimea's Demydenko Cautious on Kuchma Edict *[UNIAN]* 49
State Fund To Promote New Technologies *[UNIAN]* 49

WESTERN REGION

Belarus

German Foreign Minister Calls For Cooperation *[RESPUBLIKA 19 Aug]* 50
Opposition Attacks Authorities in Foreign Appeal *[Moscow RTV]* 51
Politicians 'Ambiguous' About Roundtable *[CHYRVONAYA ZMENA 22 Aug]* 51
Authorities Refuse To Explain Parliamentarian's Arrest *[IZVESTIYA 24 Aug]* 52
Establishment of National Oil Company Urged *[ZVYAZDA 22 Aug]* 52
Measures Worked Out To Resolve Non-Payment Crisis *[INTERFAX]* 54

Moldova

Transdniester Official Urges Cooperation *[VSEUKRAINSKIYE VEDOMOSTI 19 Aug]* 54
Disarmament of Illegal Groups in Gagauzia Completed *[ITAR-TASS]* 55
Republican Party Refuses To Take Part in Roundtable *[BASAPRESS]* 56

CENTRAL ASIA

Kazakhstan

Pakistan's Prime Minister Bhutto Continues Visit 57
Bhutto's Talks, News Conference Reported *[Islamabad Radio]* 57
Pakistani Premier Signs Accords *[ITAR-TASS]* 57
Nazarbayev Praises Talks With Bhutto *[INTERFAX]* 58
Nazarbayev, Bhutto Speak at Banquet *[Islamabad Radio]* 58

Tajikistan

Russian Border Post Subjected to Rebel Attack *[ITAR-TASS]* 58
Armed Provocations Continue on Border *[ITAR-TASS]* 59
Opposition Urges Tighter Control Over Russian Peacekeepers *[INTERFAX]* 59

CAUCASUS

Armenia

Official Comments on Credit Policies *[RESPUBLIKA ARMENIYA 18 Aug]* 60

Azerbaijan

Russian Envoy Said Unwilling To Discuss Troop Pullout *[INTERFAX]* 60
Gasanov: Mediator Doesn't Understand Task *[TURAN]* 61
Aliyev Against Prioritizing Karabakh Status Issue *[INTERFAX]* 61
Aliyev Says Conditions Favorable for U.S. Business *[TURAN]* 62
Deputy Attacks Finance Minister Statements *[ZERKALO 15 Jul]* 62
Finance Minister Counters Deputy's Attack *[ZERKALO 12 Aug]* 64

Georgia

Iranian Parliamentary Delegation, Ruhani Visit *[IPRINDA]* 66
Ruhani Meets Prime Minister Patsatsia *[Tehran IRNA]* 67
Security Discussed With Foreign Minister *[Tehran IRNA]* 67
Shevardnadze: One Chamber Parliament Until Unity Restored *[ITAR-TASS]* 68
Abkhaz Parliament Rejects Federation Status *[ITAR-TASS]* 68
Abkhazia Proposes New Talks With Georgia *[ITAR-TASS]* 68
Abkhazia Deputies Confirm Loyalty to Constitution *[ROSSIYSKAYA GAZETA 24 Aug]* 69
Abkhaz Foreign Minister Interviewed *[VECHERNIY NOVOSIBIRSK 11 Aug]* 69

BALTIC STATES

Estonia

German Defense Minister Ruehe Pays Visit 71
Meri on NATO, PFP, Peacekeeping *[Ministry of Foreign Affairs Press Release]* 71
Ruehe, President Meri Discuss NATO *[Tallinn Radio]* 71
Ruehe Praises Cooperation With Estonia *[Tallinn Radio]* 72

Latvia

German Defense Minister Holds News Conference *[Riga Radio]* 72
Volunteer Troops To Leave for Croatia 24 Aug *[Riga Radio]* 72

Negotiations in Groznyy

Romanov, Maskhadov Official Spokesmen on Talks

LD2308190995 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1830 GMT 23 Aug 95

[FBIS Translated Text] Henceforth only Anatoliy Romanov, commander of the joint group of federal forces, and Aslan Maskhadov, chief of the main staff of the Chechen formations, will have the right to make official statements on how the military package of agreements in Chechnya are being fulfilled. The observer commission took this decision on 23 August, a Ekho Moskvy radio correspondent reports from Groznyy.

The commission took the decision because "recently there have been increasing instances of correspondents being misinformed by members of delegations not taking any direct part in the work of the observer commission."

Lobov To Lead SC Delegation to Groznyy 24 Aug

LD2408082595 Moscow ITAR-TASS World Service in Russian 0726 GMT 24 Aug 95

[By Andrey Shtorkh]

[FBIS Translated Text] Moscow, 24 Aug (ITAR-TASS) — Presidential press secretary Sergey Medvedev told this ITAR-TASS correspondent that a sitting of the Russian Federation Security Council next week has not been ruled out, but the precise date will depend on Russian President Boris Yeltsin's decision and the outcome of the work of a special working commission of the Russian Federation Security Council, which flies out to Groznyy today.

The press secretary said the special working commission, which will, by a decision of the Russian Federation president, deal with preparations for the Security Council sitting, will be headed by Security Council Secretary Oleg Lobov. Lobov is due to arrive in Groznyy today, but later his deputy Vladimir Rubanov will temporarily supervise the commission's work. The commission also includes members of the interdepartmental commissions of the Security Council, employees from the Council's administration, and representatives of a number of ministries and departments. The commission's task is to study the situation in the Chechen Republic on the spot and draw up proposals for bringing about a settlement there, using legal, political, and socio-economic methods.

Informed sources in the Kremlin stressed in a conversation with an ITAR-TASS correspondent today that Oleg Lobov will be going to Chechnya solely as the secretary of the Russian Federation Security Council. As for the persistent rumors that he has been appointed Boris Yeltsin's plenipotentiary in the Chechen Republic, if such an appointment is to be made it will take place after the Security Council sitting next week. Moreover, Oleg Lobov will most probably occupy both posts, the sources believe.

SC Secretary Lobov Not Going to Chechnya

LD2308114495 Moscow Radio Rossii Network in Russian 1100 GMT 23 Aug 95

[FBIS Translated Text] Oleg Lobov, secretary of Russia's Security Council, is in Moscow and is not planning to go to Groznyy. His press secretary, Valeriy Kadzhayev, said this in an interview with our correspondent when asked to comment on the report carried by some of the mass media that Oleg Lobov was expected to arrive in Groznyy today.

At the same time, Valeriy Kadzhayev said that a Security Council delegation was planning to go to Chechnya on 24 August to study the situation on the spot and to prepare questions for a meeting of the Council, which, it is expected, may take place at the end of August. This meeting plans to discuss problems of a Chechen settlement.

Rumors Dismissed of Volskiy's Dismissal From Talks

LD2308175595 Moscow NTV in Russian 1500 GMT 23 Aug 95

[Report by correspondent Tatyana Mitkova, including recorded telephone interview with Arkadiy Volskiy, member of the delegation participating in Talks with Chechen groups in Groznyy, currently on vacation in Bulgaria; from the "Segodnya" program]

[FBIS Translated Text] [Mitkova] Increasingly persistent rumors are circulating Moscow to the effect that Arkadiy Volskiy has been dismissed from taking part in the Groznyy negotiations on the verbal instructions of the Russian president. Volskiy is being reproached for making too many concessions to the terrorists. Arkadiy Volskiy himself is currently on holiday in Bulgaria. Our correspondent contacted him by telephone: here are some excerpts from their conversation.

[Unidentified correspondent] Arkadiy Ivanovich, the first question: According to a report on Moscow Echo radio, received allegedly from sources close to the presidential entourage, Boris Nikolayevich Yeltsin is displeased with your mild stance vis-a-vis the Chechen side, and has given a verbal instruction for you to be removed from the delegation. This report is in nearly all

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the papers today, incidentally. What do you think about this?

[Volskiy] I would like to say just one thing. I would like television viewers to know that there is complete unanimity in our delegation and therefore we cannot reproach one another for any violations of the accord, or of the instructions we have had from the president or the premier. I can say one thing: I am convinced that there are people who advise the president to act in one way or another — there are such people, and I am sure that this case is possible. However, I am convinced of something else, too, and I know about this: That the president did not do this, and that he paid no heed when people tried to persuade him through notes and reports and so on to break off the negotiations and get an enemy in his own camp, if you recall.

[Mitkova] Our correspondent Ernest Maskievicius endeavored to contact Vyacheslav Mikhaylov, minister for affairs of nationalities and regional policy and head of the Russian delegation at the Groznyy talks, to cast some light on the situation.

[Begin Maskievicius recording] How true is it that Arkadiy Volskiy has been removed from taking part in the negotiations in Chechnya?

[Mikhaylov] I do not think it is true at all. It is evidently just someone's invention which has been put about. As head of the delegation, I can confirm that this matter has never been raised with me, or with the Government or the premier. This, I think, could be just someone placing too much trust in something that was said by somebody; whether such words were uttered or not is hard for me to comment. I spoke to Arkadiy Ivanovich yesterday, he is in good health and is due to come back on Saturday 26 August. [end recording]

Chechen Disarmament Expected To Continue

LD2308133495 Moscow ITAR-TASS in English 1236 GMT 23 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 23 (ITAR-TASS) — The process of disarmament in Chechnya is expected to extend until the weekend to the Shatoy region in Southern highlands where 18 Chechen settlements are located. A special commission for disarmament has been working in this area.

A joint unit of home guards led by Balaudin Beloyev has been created there which consists of home guards from scattered home guard formations. Beloyev told ITAR-TASS today that home guard units numbering 15-25 men each will operate in each Chechen settlement. Quite a few remaining guns will be surrendered, he said.

According to Beloyev, the local population maintains friendly relations with servicemen of the federal 245th motor rifle regiment stationed there." We have reached mutual understanding with the regiment commander Yuriy Zhdanov and with the mediation of the local governor of the Shatoy region agreed to comply with all provisions of the agreement," Beloyev said.

"In keeping with the agreement, we firmly decided not to tackle problems of political power, but we are fulfilling the agreement in part concerning disarmament and coordinated withdrawal of Russian troops despite any opposition," Beloyev said.

Romanov Views Chechen Disarmament Agreement

LD2308163195 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 23 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Excerpt] [Correspondent Nikolay Shebalkov] The special supervisory commission held a sitting in Groznyy today. [passage omitted] The command of the joint group of federal troops in Chechnya circulated a statement today. It says, inter alia, that decisive steps will be taken to disarm any illegal armed groups or individuals, and that they will be eliminated if they resist the federal troops carrying out the disarmament. Today's sitting examined the schedule for the disarmament and worked out the mechanisms for implementing it.

[Begin Romanov recording, commander of the Russian troops] The protocol of the sitting of the special supervisory commission says that the start of the disarmament and the withdrawal of troops in Achkhoy-Martan and Sunzhenskiy districts is to be carried out in line with an adopted plan or set of instructions and completed by 30 August. Comrades Kazbek Makhashev and Pavel Maslov will be responsible for that. The plan or the set of instructions comprise a handover of weapons and simultaneous pull-out of troops from settlements, decisions of the elders on the expediency of setting up self-defense detachments, approval of the decisions of the elders by the co-chairmen of the special supervisory commission, and election of commanders or commandants of the self-defense detachments. Then there is the supply of weapons to the self-defense detachments and arrangements for their storage, definition of duties of the self-defense detachments, and withdrawal and elimination of the surrendered weapons. It is also specified that we should draw up and approve a schedule for a gradual withdrawal of the troops. [end recording] [passage omitted]

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Mikhaylov Dissatisfied With Chechen Disarmament

LD2308193795 Moscow INTERFAX in English 1750 GMT 23 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 23 (INTERFAX) — Vyacheslav Mikhaylov, Russia's chief negotiator at the Groznyy talks, complained Wednesday that the disarmament process in Chechnya does not cover concrete illegal units. He told INTERFAX that the Russian negotiating team could decide not to return to Groznyy for further political consultations unless the separatist fighters are really disarmed.

According to Mikhaylov, the chief of Dudayev's military headquarters Aslan Maskhadov told the Russian members of the observer commission in Groznyy on August 23 that he would do his best to see that the disarmament was carried out to the end.

Mikhaylov said that illegal units could be disarmed but that this process will take time in as separatist fighters are reported to have nearly 70,000 firearms.

According to Mikhaylov, Maskhadov has submitted to the commission a list of illegal armed units to be disarmed under the agreements. Mikhaylov declined to give specific figures.

Mikhaylov dismissed rumors that Arkadiy Volskiy had been dropped from the Russian negotiating team and said that Volskiy will return to Moscow from Groznyy Saturday [26 August].

Mikhaylov said he would brief Prime Minister Viktor Chernomyrdin on the Groznyy consultations when he returns to Moscow from the Altay territory Wednesday night.

Zorin: Military Issues Before Political Issues

LD2308191595 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1835 GMT 23 Aug 95

[FBIS Translated Text] There will be no consultations on political issues in Groznyy over the next few days, Vladimir Zorin, deputy head of the Territorial Directorate of Federal Bodies of Executive Power in Chechnya, told journalists late today.

Zorin said the political issues will be put forward for discussion only after an analysis has been made of how the military package of accords is being implemented — the joint observer commission will tackle this at its sessions, the Moscow Echo radio station correspondent reports from Groznyy.

Kvashnin: Disarmament Depends on Political Issues

LD2308114995 Moscow ITAR-TASS in English 1049 GMT 23 Aug 95

[By Sergey Trofimov]

[FBIS Transcribed Text] VOLGOGRAD, August 23 (ITAR-TASS) — Anatoliy Kvashnin, commander of Defence Ministry forces in the zone of the Chechen conflict, claimed that implementation of the military agreement of July 30 directly depends on a preliminary solution of political issues on a settlement in Chechnya.

General Kvashnin who also commands the North Caucasian Military District, said in an interview with ITAR-TASS on Wednesday: "Implementation of mutual understandings on the military package is retarded due to absence of solution of political issues, on which, no matter what we say, largely depend the entire peace process of a settlement in Chechnya".

The general noted that "unwillingness of a certain group of people pursuing selfish political interests to come to a compromise with opposition" is the prime cause for the unsettled conflict.

Differences and constant "wrangling" between Chechen opposing forces are another reason. In Kvashnin's opinion, representatives from these forces, above all, should sit at the negotiating table so that ordinary people should see who is who.

Chechen population now have 80,000 firearms. Until people are sure of their security, it is difficult to expect that they will lay down arms. This has a negative effect on disarmament, the most important item of the agreement, Kvashnin stressed.

Military Operations

Zhirinovskiy: Caucasus Military Coup Being Prepared

LD2308142895 St. Petersburg Fifth Channel Television Network in Russian 1130 GMT 23 Aug 95

[Report on radio broadcast by Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia (LDPR), in St. Petersburg on 23 August; Zhirinovskiy portions recorded]

[FBIS Translated Excerpt] [Announcer] LDPR leader Vladimir Zhirinovskiy began his live broadcast on Radio Baltica today with the sensational announcement that a military coup is being prepared in the Caucasus:

[Zhirinovskiy, shown speaking into microphone in a radio studio] The scenario will be like this — either the officers and ranks in some military unit in the Caucasus

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will rebel in the very next few days, perhaps even on Saturday, or they'll provoke acts of terrorism by the Chechens themselves, get them to blow up installations or kill people in the southern regions of Russia. Or certain special services will do the same thing, disguised as Chechens.

[Correspondent] Zhirinovskiy reckons that the coup which is being prepared by those currently in power, with the support of the U.S. special services, could wreck the forthcoming elections.

[Zhirinovskiy] If it doesn't work out, they'll stick the president in hospital again and force him to sign his abdication. [passage omitted]

Allegations of Chemical Weapons Use Investigated

MM2308182595 Moscow IZVESTIYA in Russian 24 Aug 95 pp 1-2

[Feature comprising reports by Aleksandr Mnatsakanyan from the village of Avtury and Boris Vinogradov from Groznyy; comments by spokesmen for the Russian Federation Defense Ministry, Federal Security Service, and Ministry of Internal Affairs; and report by Aleksandr Sychev citing "international experts": "Were Chemical Weapons Used in Chechnya? IZVESTIYA's Special Correspondents Report From the Scene of Events"]

[FBIS Translated Text] [Report by Aleksandr Mnatsakanyan from the village of Avtury] A greenish-brown jeep with a red cross on its side stopped at the foot of a wooded slope.

"Here," said the officers of the presidential guard of the Chechen Republic of Ichkeria, wearing their uniform of black jeans. "We laid an antitank mine here before withdrawing."

A Kamaz truck wheel and a warped army license plate lay by the roadside next to a shallow crater.

"That was the slope where it happened. Let's go," the Chechens said, pointing. "But be careful — follow in our footsteps. Half the forest here is mined."

A couple of hundred meters up the slope one of my escorts stopped abruptly and carefully lifted a small piece of green plastic from the ground with a couple of twigs. It looked like a greatly magnified fragment of the maple seeds that "helicopter" down from the trees every fall. Then there was another, and another, and another. After around 20 minutes we also found the remains of the anodized metal cassette which had originally contained the "seeds."

On the way from the nearby village of Avtury, the Chechen resistance soldiers had recounted the story of the appearance of these strange and dangerous "toys" in the forest.

"We were occupying positions here, this was back in May. There were firefights and bombings.... But one day an aircraft appeared and dropped a strange bomb. That is, it fell very strangely. Rather slowly, flipping over and over the whole time. It detonated at a height of 120-150 meters above the ground and lots and lots of these little petals came out. They came whirling slowly down. At first we thought they were mines, you know, the kind you scatter and if you step on them they blow off your foot. But then, after a while, they began to explode spontaneously. Not very loudly, but there were bangs throughout the forest. I went up and picked up one of these things. It went off in my hand. In the middle, between two petals, was a kind of capsule, about as big as a vial of 'brilliant green' [antiseptic]. Some sort of liquid splashed out onto my clothing and a bit landed on my hand. I threw my jacket out, but later on there was a burning sensation on my hand, although I had immediately washed off the liquid with water. The smell was so bad it was impossible to breathe. It was disgusting. And there seemed to be a bit of a smell of garlic. Then, a couple of days later, the leaves began to fall from the trees. Just imagine, this was in May!"

There were indeed unusual quantities of fallen leaves in the forest (but who knows, it is late August). The ground was also covered with unripe filberts, which can be picked only with a certain amount of effort.

From descriptions and debris the specialists to whom staffers of the "Moskva" hospital (a humanitarian organization) turned for advice identified so-called "cluster mines." These are usually used to mine large areas and are intended to hamper enemy infantry movements. If the mine is not actuated for several days, it destroys itself. Admittedly, in this case there is one troublesome detail: The mines scattered over the Avtury forest did not injure a single person. But if you assume that, instead of explosive, the mines contained a chemical charge (which is technically quite feasible) everything falls into place. The theory that the Russian Army has been using chemicals is also supported by a widespread sickness among the population of Avtury. Local medic and pediatrician Lomali Shakhidov almost panicked at one time.

"Just imagine it, the inhabitants came streaming in. At first I was counting them in single figures, then in tens, and by the end I had gone into hundreds. It was the same picture for all of them: First dark stains appear on the skin, then transparent blisters form in their place. After a few days the blisters begin to fester, then they burst, and the ulcers thus formed spread. If they are

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close together, they soon merge into one. With women it was mainly the arms and legs that are affected, with children the whole body. At first I was in a quandary — how to treat them? Nothing helped. Then a clever man from the 'Moskva' hospital suggested that what it looked most like was secondary microbial damage following chemical injury. And he advised a tried and tested method in these cases — bathe the stains and ulcers with a weak solution of vinegar and water-based 'brilliant green.' And you know — after a week or two even the big ulcers began to heal. See for yourself!"

And Lomali showed me a one-year-old child with an almost healed ulcer the size of a matchbox on his head....

The special expert commission of doctors and chemical weapons specialists from Moscow spent its third and final day working in Avtury yesterday. It is, of course, not the done thing to discuss the results of the investigation beforehand, but the experts set off for Avtury in a very strange mood. On the eve of their trip, one of them expressed his opinion:

"I don't believe we'll find anything there. Most likely it's deliberate rumors. After all, the Army was in action here, and it can't use chemical weapons without authorization from above — and these weapons are banned by all the conventions. So it is almost certain that they were not used."

Well, one can understand the logic of a "state official": The state cannot commit a crime. So be it. But if you remember the chemical munitions that were stolen from the dumps in Argun during the war, it is by no means necessary to suspect the top officials of a crime. It is quite possible to imagine a middle-ranking Russian officer deciding on the quiet to take care of the "wicked savages" with an unconventional shell. Especially since in some villages in southern Chechnya strange explosions were seen and heard, after which a stifling white cloud hung over the ground. People who were close by had headaches for a long time after, and had an unpleasant taste in their mouths, as if your tongue and mouth "didn't belong to you"....

The commission promised, on the completion of its work, to inform the public of the results of the expert study.

But even in the event that the suggestions concerning the use of chemical weapons in Chechnya are not confirmed (which God grant!), the ecological situation in the republic is still critical.

First and foremost, the entire territory where active hostilities were conducted is polluted as a result of the combustion of a large quantity of ammunition. When there are explosions and shootings, nitric oxides, which are very harmful to living beings, are released into the atmosphere. In Groznyy itself, this is compounded by the pollution caused by the burning of a large quantity of polymers. And in view of the increased dust cover in the already dirty capital of Chechnya, the situation appears even more dangerous.

Nor must we forget the biological pollution occasioned by the burial of a large number of human and animal corpses in a limited area at shallow depths and beneath the ruins of buildings. Added to this is the overfilling of shafts in the city's fickle sewerage system, the escape of sewage to the surface, and also the commonplace pollution of water sources and intakes.

As usual, any apocalyptic picture culminates in radiation danger. In Groznyy during the war containers of cesium which was used in flaw detectors somehow got damaged deep in a cellar at the "Krasnyy Molot" plant. As a result the plant is almost completely covered with a radiation stain, and on the surface the counter shows 10-15 milliroentgens an hour. You can imagine what the radiation background is like at the level of the second floor.

Even before the war, not far from Tolstoy-Yurt, grasping people had opened up a radioactive waste burial site — looking for isotopes to sell. It is not known whether they found any, but the radioactive contamination zone exists to this day.

There is an approximately similar zone in Urus-Martanovskiy Rayon, close to the settlements of Gekhi, Roshni-Chu, and Martan-Chu. There, underground installations with high levels of radioactivity have been uncovered.

So just one commission clearly cannot deal with the matter. As of now, a group under the leadership of Moscow City Duma Deputy Stankov has drawn up a comprehensive program for an ecological study and the subsequent decontamination, degasification, and disinfection of Chechnya. At present the project is at the stage of coordination with the government of the Chechen Republic.

[Report by Boris Vinogradov from Groznyy] The special commission of medics was sent to Chechnya by Russian Health Minister E. Nechayev to clarify the circumstances surrounding reports that the Russian Army used chemical weapons during military operations. The commission has gone to the settlement of Avtury in Shalinskiy Rayon, and its return to Groznyy is awaited with great impatience.

As Nikolay Volkov, acting chief of the Russian Health Ministry territorial administration in the Chechen Republic, told me, the commission includes such author-

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ities of medical science as Professor Yuriy Musiychuk, director of the Institute of Hygiene and Preventive Pathology in St. Petersburg, and Valeriy Kiryukhin, deputy director of a similar institution in Volgograd.

They are to bring with them samples of soil and water from which specialists will determine whether chemical weapons were used near Shali, or whether the rumors will remain no more than rumors. On Thursday, the commission will be able to make a statement on the basis of the results of the analyses, and it has been announced that a press conference is to be convened at the OSCE mission.

So that there can be no doubt as to the objectivity of the commission and so as to avoid accusations of bias in its final conclusions, Nikolay Volkov said, the expedition includes two people from the Western television company WTN.

The first report of the possible use of chemical weapons was received from Andrey Volkov, director of the "Moskva" private hospital in Groznyy, and his wife Yelena Volkova, a journalist and a nurse by training. Their humanitarian mission has been working in Chechnya for some months now.

Power Departments' Viewpoint

Colonel Mikhaylov, Russian Federation Defense Ministry Information Directorate: "Since the beginning of this year operations, in the Chechen Republic have been under the command of representatives of the Russian Federation MVD [Ministry of Internal Affairs]. All the decisions, including those relating to the use of various types of weapons, are made by them. Chemical weapons are, as you know, banned under an international convention, like all weapons of mass destruction. Therefore, in my view, they could not have been used."

General Mikhaylov, Russian Federation FSB [Federal Security Service] Public Relations Center: "The full volume of information comes our way, and I can say confidently that we have had no information on the use of chemical weapons. This is pure provocation, aimed at whipping up tension. For my part, I am profoundly convinced that the use of chemical weapons on Russian Federation territory is impossible."

Lieutenant Colonel Ryabtsev, Russian Federation MVD Public Relations Center: "The use of chemical weapons is banned under the Geneva Convention. They have not been used in the Chechen Republic and to the best of my knowledge their use is not planned. It is absurd."

[Report by Aleksandr Sychev] The Opinion of International Experts

Reports of the use of toxic chemicals reach various international organizations every year. Virtually every armed conflict is accompanied by accusations of the use of chemical weapons, accusations which the adversaries launch against each other.

In 1993, for instance, seven reports of the use of chemical weapons were recorded.

However, irrefutable evidence was not produced once. As Tomas Stok [name as transliterated], an expert at the Stockholm International Peace Problems Institute, told IZVESTIYA: "The search for evidence of the use of chemical weapons is considered extremely difficult unless an on-the-spot investigation is carried out within a few hours or at the latest a few days after the chemical attack. With time, the toxic substances disperse and traces of chemicals can disappear. Furthermore, an accusation of the use of chemical weapons may be used for political purposes to discredit the enemy in the eyes of the world community and thereby receive support and approval for one's own actions. It is necessary in each case carefully to analyze the peculiarities of the internal and external political situation of a given country as well as the chemical weapons potential at its disposal."

Army Commander Petrov Denies Chemical Weapons Use

LD2408092095 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 24 Aug 95

[FBIS Translated Text] Stanislav Petrov, commander of the Russian Defense Ministry's Radiation, Chemical, and Biological Protection Troops, maintains that the Russian Army has not used chemical weapons in the Chechen war.

[Begin Petrov recording] Munitions contain liquids. This is true of all kinds of munitions: smoke munitions, flares, many other kinds. If a capsule containing poison were to explode in someone's hands, he would not be making any statements or comments about it. There were never any chemical weapons in Argun. There were never any chemical weapons dumps in Chechnya at all. And all Russia now knows from the press where these chemical weapons are stored. It is simply blasphemous to say that the Russian Army or the Russian interior troops are using chemical weapons. [end recording]

[Announcer] I should add that a special commission is currently operating in the Chechen Republic to investigate the causes of an unidentified illness which broke out in the village of Avtury. This commission

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will draw its final conclusions on the use of chemical weapons in Chechnya today.

Military Denies Permitting Khamzatov To Escape

LD2408123295 Moscow ITAR-TASS in English 1203 GMT 24 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 24 (ITAR-TASS) — The command of federal troops in Chechnya on Thursday rejected reports that during Monday's crisis in Argun, Chechen field commander Alaudi Khamzatov was allowed to pass through cordons peacefully.

Khamzatov led a group of militants who captured and held the police department in Argun for 24 hours. On Wednesday, the Chechen side released a report saying that federal troops allegedly permitted him to leave the town peacefully.

Vasiliy Panchenkov, head of the press service of the federal troops command, told ITAR-TASS on Thursday that during the operation aimed at cleaning Argun from militants, about 30 Khamzatov's men tried to stage a break-through. "They were partly eliminated, partly dispersed", the spokesman said, adding that four gunmen were takes prisoners. However he did not give their names or place of detention.

Article Assesses Argun 'Terrorist Act'

MM2308134995 Moscow KRASNAYA ZVEZDA in Russian 23 Aug 95 p 1

[Article by Vladimir Gavrilenko: "What the Repercussions of the Argun Affair Will Be"]

[FBIS Translated Text] It looks as though an attempt to stage another Budennovsk has failed in Argun in Chechnya. The event has again highlighted the positions and intentions both of the sides and of individual political figures. The chronology of the Argun affair is revealing in itself.

Thus a well armed and organized gang seized a police rayon department. There is no doubt that this was an action planned and "inspired" by Dudayev. Only gullible people could believe the assertions of Movladi Udugov, Dudayev's "press minister," that Khamzatov, the gang's ringleader, and his subordinates had merely returned to their native city. That is not the way people return to their native city. The "minister also stated that the captors were prepared to surrender their weapons and leave the police building. Just you try and believe the "minister" now — in fact the bandits had no intention of either disarming or leaving the building. Sandor Meszaros and Aslan Maskhadov, who talked with them, confirmed this. Maskhadov himself left Argun "empty-handed," so to speak. You get the feeling that neither Dudayev nor the field commanders attach any importance to him. Everything he has done and said so far, though it may have been his own initiative, smacks strongly of the notorious game of cat and mouse. It doesn't matter how much he embraces Russian generals and hectors crowds in Chechen villages, when a serious business "crops up" he is a total flop.

Meanwhile Khamzatov's assistant killers were resolute. And Dudayev thereby resolutely demonstrated yet again that talks are not to his liking. Or, to be more accurate, talks of this kind, at which Russia is calling the shots. The Argun seizure was an attempt by the dictator general to keep hold of levers for pressuring the negotiating partners, which are slipping out of his hands. Meanwhile Dudayev's "nightingale," Movladi Udugov, again declared that Dudayev is committed to a peaceful solution to the conflict. It looks as though Udugov exists purely in order to mislead all and sundry.

It was not I who said: If an enemy does not surrender, he is destroyed. The events of recent weeks have clearly come as a rude awakening to the gunmen, for they had begun to think that the federal forces would employ persuasion with them. But the federal forces decided to do what they had to do: Bombardment of the Argun police rayon department began at 1620 hours, followed by an assault. The result was this — according to unverified figures, around 80 bandits were killed, and some fled in their native city, where the forces continued to "mop them up" for a while. The subunits of the federal forces lost one dead and 12 wounded. But I think there has also been, so to speak, another "useful" loss — the troops have probably finally lost the belief that the Chechen side seriously intends to disarm. The clip showing a few assault rifles being flattened beneath tank tracks unfortunately evokes nothing but an ironical smile.

Meanwhile in Groznyy, what I would be bold enough to describe as the "runaround" continues. A bilateral session of the joint observer commission began with a one-hour delay because of the nonarrival of the Chechen side. The Russian side at long last showed some spirit and left after waiting for five minutes. Maskhadov had to bring his partners around by phone. You get the feeling he is very keen to talk about the Argun incident and to "extract" the greatest possible "dividend" from the situation. But it looks as though excuses are not to be expected.

Never mind, the Argun affair has yet again demonstrated Dudayev's reluctance to resolve the conflict peacefully and has again highlighted Aslan Mashkadov's ambigu-

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ous role as a partner in the talks. It is also becoming increasingly clear that optimism about disarmament of the bandit formations is rather premature. Dudayev is being hypocritical when he says that the "diehards" are not under his command. They are indeed under his command, in no uncertain terms....

I think that the Russian side's position will also undergo some changes. It will be toughened up, of course. There is evidently a need to speak to the partners in a language they understand more clearly. The next few days will indicate what kind of language this will be: The Russian government delegation is expected to return to Groznyy.

Meanwhile, while Aslan Maskhadov and his comrades are preparing a statement about the events in Argun, the Russian side has expressed its position. Lieutenant General Anatoliy Romanov, commander of the grouping of federal forces, stated in Groznyy that "wherever the agreement on the package of military issues is violated, measures making it possible to bring the violators within the framework of the agreement will be taken against them." He stressed that "we are doing everything to resolve questions of a settlement in Chechnya by peaceful means, and provocations such as the incident in Argun must not be seen by the population as appropriate behavior." The seizure of the police rayon department in Argun by Khamzatov's gunmen, Anatoliy Romanov continued, is a most flagrant violation of the agreement on the package of military issues. The federal forces' military command will tolerate no repetition of these events in other population centers in Chechnya.

Vyacheslav Mikhaylov, head of the Russian government delegation, who is in Moscow, told ITAR-TASS that the position of the Russian federal authorities regarding the resumption of the negotiating process on a peaceful settlement in Chechnya remains unchanged — any political talks must be preceded by full-scale fulfillment by the Dudayev side of the provisions of the agreement on the package of military issues concerning the disarmament of illegal formations. "We have not closed the question of continuing the talks, and this is enshrined in the agreement," Mikhaylov noted. "But first it is necessary to complete the disarmament of the bandit formations, which has essentially not yet begun. Individual citizens are surrendering weapons, rather than the gunmen chiefly mentioned in the agreement."

The head of the Russian delegation confirmed that Nikolay Semenov, leader of the territorial administration of organs of federal power in the Chechen Republic, has flown out to Groznyy. At the same time, he noted, his arrival in Groznyy should not be seen as the arrival of the government delegation, of which Semenov is a member.

So all the indications are that the Argun seizure has not shaken the Russian intention of continuing the talks in Groznyy. We shall see what repercussions the latest terrorist act will have at them.

Argun Events as Backdrop to Federal Forces' Actions

MK2408081695 Moscow SEGODNYA in Russian 23 Aug 95 p 1

[Report by Pavel Felgengauer: "A Second Argun"]

[FBIS Translated Text] The second battle this year for a small town to the east of Groznyy has finally clarified Chechnya's future. Russia will remain in Ichkeria as the main military and political force, and none of the Chechen tribal or war lords will be able to control any strategic point in the republic against the Kremlin's will (the Gudermes-Groznyy railway and the Rostov-Baku motorway pass through Argun).

The military agreement of 30 July was not a capitulation or the beginning of a gradual recognition by Moscow of an independent Ichkeria. The Chechen fighters, squeezed in the mountains, were indeed allowed to penetrate the federal lines to the flat country, but this was not at all a one-sided concession.

In the course of last June's offensive, federal units nearly reached the main Caucasus ridge, and a further advance was inexpedient from a purely military point of view. There are no special mountain units in the Russian army, nor are there alpine marksmen among the Internal Affairs Ministry's interior troops. It became more and more difficult to advance, while the extended communications lines were becoming increasingly vulnerable. It is impossible to maintain a solid front line in the mountains: The Chechens would be penetrating rear areas and, recovering from the defeats near Shatoy and Vedeno, could really have begun an effective guerrilla war.

It was wiser to "invite" the advocates of independence to return to their home villages and towns in the flat country where there are no mountains or forests or ravines and where it is much more difficult to gain shelter from aviation, artillery, and armor. The federal troops could hardly have acted as effectively or inflicted such serious losses on the enemy had they fought with Khamzatov's units in the mountains rather than in Argun. Furthermore, a victorious storming of a populated area always looks more convincing than the most successful operation in the forest. The media are not interested in nameless heights: To make news, towns that can be traced on a regular map are needed.

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The Chechens were not "driven" into the mountains; they retreated there themselves because they were routed on the plain. But even in the mountains they failed to hold their positions in large villages. Federal forces are not going to leave Chechnya and the Chechens have no forces to drive them out. At present, Russian units are being relieved and troops are being concentrated in large garrisons, but within hours they can seal off and then capture any town in Chechnya's flat country.

Obviously Chechnya, and with it Russia, will have to exist for a long time to come in such an unstable military-political state. True, negotiations in Groznyy will continue in spite of the continuous skirmishes. The battle for Argun has shown again that the Russian army is stronger, and therefore the resumption of war will not bring the Chechens anything good. Neither does the Center need new large battles. A military victory has already been achieved, and it now has to be melted into an acceptable political agreement with the "moderate" Chechens, while ruthless strikes against the "intransigents" will naturally continue.

But for the Russians the Chechens will always remain an inscrutable tribe. A moderate Chechen can within half an hour become "intransigent" and then again "moderate." The Chechens are divided and have no single chieftain, while Dudayev and others are more reminiscent of operetta kings. Moscow has no uniform opinion about further action in the Caucasus. It is not clear who should negotiate with whom or about what; which arguments should be used in a particular situation; or when and for how long the "kind" Volskiy should be replaced with a six-inch self-propelled howitzer. Clearly the Caucasus war between the Cossacks-OMON [Special-Purpose Militia Detachment] troopers and the brigands-abreks [members of Caucasian mountain bands who fought the Russians in the 19th century] will go on, now abating, now flaring up again, until the situation simplifies and there is not a single person left who is willing to fight.

Expenditures on War Outstrip Military Budget

LD2408105895 Moscow ITAR-TASS in English 1043 GMT 24 Aug 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, August 24 (ITAR-TASS) — The expenditures on the Chechen war have outstripped the military budget for the current fiscal year by 1.9 trillion roubles, said department chief for the military budget and finances of the Defence Ministry, major-general Vladimir Osadchiy.

He told ITAR-TASS that a desperate situation in the army and the Navy was not the result of hostilities in the North Caucasus only, but financial errors as well. In particular, budgetary expenditures for 1995 did not include servicemen's allowances and wage increases to be paid since January 1 and April 1 as envisaged by law.

"The Russian Defence Ministry is at the top in a list of Russia's debtors and we have no funds today to pay wages either to servicemen, or the civil personnel," general Osadchiy said. He pointed out that the overall debt of the Russian defence ministry had reached 3.6 trillion roubles, with public utilities and transport accounting for the biggest share of the debt. "There are no funds to buy foodstuffs for soldiers and Naval marines," Osadchiy said.

He believes that to improve the situation, the Russian government should ask the State Duma to amend the budget in part concerning National Defence, taking into account soaring prices and existing realities. "The Defence Ministry had suggested the move at the end of June, 1995 when the situation might have been improved with minimal losses, but our proposal was ignored then and by November 1, 1995 budgetary allocations for servicemen's allowances and wages would have been fully used up," the general said.

Asked why budgetary allocations were scarce, the general said that the law on the Federal Budget for 1995 and the Russian president's resolution on the repayment of debts to the Armed Forces had not been fulfilled. "The outstanding debt to the Defence Ministry for the last year was 12 trillion roubles and the debt has been growing this year. In the first half of 1995, the Finance Ministry allocated to the defence industry 2.8 trillion roubles less than envisaged by law," Osadchiy said.

Politics and Nationalism

Governor for Chechnya Impossible To Find in Kremlin

MK2408043495 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 23 Aug 95 p 2

[Report by Aleksandr Budberg: "Reconnaissance in Force. Dudayevism Becomes Creeping"]

[FBIS Translated Excerpt] [passage omitted] As far as Dudayev is concerned, Khamzatov's expedition to Argun is a normal reconnaissance in force. Should the "federals" swallow the open return of the gang, the experience could be repeated in other places; if not, it will be easy to bill Khamzatov and his men as national heroes or simply to abandon them.

Having opted for the use of force, General Romanov has shown Dzhokhar Musayevich [Dudayev] that he

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will not be permitted open insolence. But the resolution displayed does not prevent the fighters from quietly returning to towns and taking them without a fight.

To all appearances, the men in the Kremlin have once again gambled on a century-old option. A provincial governor is to be appointed to Groznyy to take on the entire burden of "making peace with the highlanders." He will be obliged to be friends with one set of field commanders and set them against the others, to help the "good ones" and treacherously smother the "bad ones." He should know by sight the elders of the biggest teyps [clans] and informally come to visit them.

This option is absolutely predictably going to fail. It seems impossible to find someone suited to such a role among the tribe of none-too-clever and none-too-honest top-ranking officials, especially since many mercenary officials at the center and in the provinces would hardly help the "imposition of constitutional order." No wonder Oleg Lobov, an eternal candidate for the premiership, who everybody believed to have been appointed to this position, has persuaded the president not to make haste and send him from Moscow.

If such irresolution is shown by the people close to the president, rest assured that the present generation of Russian leaders will never be able to solve the Chechen problem.

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Broadening of Intergovernmental Bank's Rights Urged

MM2408101295 Moscow SEGODNYA in Russian 23 Aug 95 p 2

[Unattributed report: "Intergovernmental Bank May Widen Sphere of Its Competence"]

[FBIS Translated Text] The Intergovernmental Bank [IB] set up to service settlements within the CIS framework may be granted the right to invest its assets in securities of the countries that invested in the bank's incorporation capital. As Tatyana Paramonova, IB Council chairman and acting chairman of the Central Bank, pointed out, the IB's charter should be amended so the bank can widen its sphere of competence. At the same time, Mrs. Paramonova stressed that the bank's shareholders are not telling it to begin monetary settlements as soon as possible.

ITAR-TASS Carries Press Review for 24 Aug

LD2408060595 Moscow ITAR-TASS in English 0452 GMT 24 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 24 (ITAR-TASS) — The situation in Chechnya remains in the limelight of the Russian press. IZVESTIYA carries a report about developments in Chechnya on its front page. The newspaper quoted Chechen home guards as saying that the Russian army had allegedly threw "cassette mines" loaded with chemical explosive affecting skin from the airspace in the area of the village of Avtury. A special medical commission was dispatched to the area by Russian Health Minister Eduard Nechayev. The commission will study the situation in the area and report about the results of the investigation. The newspaper quoted statements made by representatives of power structures who unanimously ruled out a possibility of using chemical weapons by the Russian troops.

In the run up to the election campaign the "RED STAR" daily stressed the importance of army servicemen being elected to the State Duma with the aim of creating deputies's factions which will promote and lobby laws protecting the health of the Armed Forces and the condition of the national defence in general. "The past two years showed that the activities of the Defence Committee might have been better if it could rely on lawmakers during parliamentary debates, " the newspaper said.

ROSSIYSKAYA GAZETA writes that as a result of recent public opinion poll conducted by the Social research institute of the Russian Academy of Sciences, only seven out of 100 adults in Russia regard themselves as " politically active citizens." The newspaper quoted member of the Academy of Social Sciences Vladimir Rukavishnikov as saying that" there are no grounds to fear that the December parliamentary elections would be foiled because of a poor turnout."

ROSSIYSKAYA GAZETA writes that the schedule of cargo transportation to Russia's Northern areas has been broken because of poor financing. A period of frosty weather begins in the Polar region at the end of August, Thousands of people are concerned whether foodstuffs and equipment necessary in Arctic winter be delivered to them until the cold sets in. The newspaper says that unless the navigation to the North immediately begins, the people and the fleet will put at risk for another time. In another report, the newspaper says that for a long time scientific forecasts about a possibility of natural calamities in the Kuril and Kamchatka regions had been ignored, which led to disastrous consequences. Prominent Russian experts have arrived at unanimous conclusion that Kamchatka will be hit by a catastrophic earthquake, the newspaper said.

"IZVESTIYA" writes that hard times are expected on the Tajik-Afghan border in the fall, as drug dealers are searching for new paths across the border with the hemp harvest near at hand. The easiest way is to smuggle drugs when military operations are intensified, the newspaper concludes, commenting on measures taken by Russian border guards to prevent the "onslaught" of drug dealers expected in autumn.

ROSSIYSKAYA GAZETA publishes the Russian president's decrees on a computerized state system "The elections", social guarantees to people appointed to perform the duties of State and Federal officials in their absence and recent resolutions issued by the government.

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Balkan Tour of Yeltsin's Representative Detailed

MK2408102895 Moscow SEGODNYA in Russian 23 Aug 95 p 8

[Report from Zagreb by Andrey Stakhov under the "Ex-Yugoslavia" rubric: "Aleksandr Zotov in Search of a Peace Settlement. Russia Has Started a New Round of Diplomatic Consultations in Balkan Capitals."]

[FBIS Translated Text] Croatian President Franjo Tudjman started his work week with a meeting with a Kremlin emissary: This time around, Zagreb became the first leg of a tour of the Balkans by Aleksandr Zotov, special representative of Boris Yeltsin in the former Yugoslavia. With some variations or other, Zotov will repeat the routes of the U.S. diplomatic mission that presented its initiative on a peaceful settlement of the crisis to post-Yugoslav leaders over the past several days. True, it cannot be ruled out that the Russian member of the international Contact Group may also visit the capital of the Bosnian Serbs, Pale, which the Americans steered clear of; however, as Aleksandr Zotov himself remarked, he is going to Bosnia first of all to meet with the leadership of that country, while the prospects for talks with Radovan Karadzic or Ratko Mladic depend on "certain circumstances" that were never named.

Zotov's trip will make it possible to check the Russian and U.S. Balkan settlement watches against one another on the eve of yet another meeting of the international Contact Group scheduled for 28 August — or to make sure that the hands of these watches are at least moving in the same direction. Zotov, with whom I spoke right after his audience with President Tudjman, thinks that this is precisely the case: "The Americans are following in the footsteps of our initiative, and we see their actions as a great help in channeling political movement in the right direction." Judging from the words of the Russian diplomat, there are at least two circumstances that stand in the way of this consistent travel toward peace, which, otherwise, are not fatal either. First, the issue is what Aleksandr Zotov termed "the force option" factor: Failure of peace endeavors, the Kremlin thinks, should not set in motion a mechanism of force because this may call into question the very fate of international relations. Aleksandr Zotov would not like "to talk seriously about the possibility that bombs would immediately start pouring down on the Serbs unless a positive breakthrough is achieved."

Another matter that needs clarification is the terms, dates, and specific conditions for lifting international sanctions against the Union Republic of Yugoslavia [Serbia and Montenegro]. Russia sees the scope of the love for peace displayed by Slobodan Milocevic as fully sufficient to resolve the problem of sanctions separately and immediately — possibly, on the grounds that one should be both punished and encouraged in good time. This plan is opposed, however, not only by Croatian President Franjo Tudjman and Alija Izetbegovic, his Bosnian counterpart, but also by the Americans. The practice of Aleksandr Zotov's colleagues from overseas, who received yet more counterproposals from the Balkan leaders in response to their proposals, should not embarrass the international community. It is up to the international community to propose a context that would guarantee the irreversibility of the peace process, while a universally acceptable settlement formula is up to the conflicting parties to find. "Let them modify this formula and give it a mutually acceptable shape. Godspeed to them!"

Moscow Stance on Balkan Crisis Seen Inconsistent

MK2408100695 Moscow MOSKOVSKIYE NOVOSTI in Russian
No. 56, 20-27 Aug 95 (Signed to press 22 Aug 95) p 10

[Report by Gennadiy Sysoyev: "Ethnic Dealings After Ethnic Cleansing? In the New Round of the Geopolitical Game in the Balkans, Russia Has No More Chance of Winning Than In the Previous One"]

[FBIS Translated Excerpt] [passage omitted] The nerve of the Yugoslav crisis today is the fate of the new U.S. plan proposing in effect a division of Bosnia into Serbian and Muslim-Croatian parts. The turnaround by Washington, which has always advocated a single and indivisible Bosnia, looks strange only at first glance. To all appearances, the United States has decided to advance it, fearing the emergence of other, less acceptable plans.

It will be recalled that two years ago, when the Serbs and Croats began to fraternize in the Bosnian trenches and drank more than one glass to the death of the Muslims, the United States expeditiously put forward a plan for the creation of a Muslim-Croatian federation in order to avert collusion between Croats and Serbs. It does not matter that the Muslim-Croatian marriage had little of the element of convenience, let alone love.

The United States hastily presented its plan two weeks ago when Milosevic and Tudjman were invited to Moscow in an effort to find a key to the Yugoslav crisis. There was no way the prospect of a Serbian-Croatian deal's being concluded in the Kremlin suited the United States. And Washington began to act. First of all a friendly conversation was held with the Croatian president, who was told that his trip to Moscow would not be without consequences for himself. Tudjman, who had nearly accepted the Russian invitation, suddenly changed his mind, saying that he does not wish to

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admire the sights of the Kremlin without his best friend Alija Izetbegovic. [passage omitted]

Moscow: The Distressing Balance

Russian diplomacy in the Balkans is back where it started. The Croatian blitzkrieg has highlighted many of its problems and raised many questions with respect to Moscow's position in the Yugoslav crisis.

First of all, our diplomacy was certainly late in adequately responding to the offensive being prepared by Zagreb. It is hard to imagine that the Foreign Affairs Ministry was ignorant about Tudjman's plans to resolve the Krajina problem by force. Nonetheless, it made no effective attempts to influence Croatia. Russian diplomats concentrated on the "Serbian knot," calling on Milosevic to show restraint and naively hoping that the Western partners were conducting the same explanatory work with Tudjman. The Croatian blitzkrieg has also demonstrated Moscow's ability to influence Zagreb and the extent to which Croatia respects the Russian position. [passage omitted]

Moscow's position on sanctions is also very inconsistent, even though outwardly it does look rather coherent. Russian diplomats are quite correct in saying that interaction with Belgrade must proceed on an equal basis, that it is no good when one negotiator sits on the floor while the others are at the table, and that Milosevic should receive adequate compensation for his constructive position. However, things did not move beyond mere words. Moscow either lacked resolution or the ability to convince its Western partners about the need to resolve the issue of sanctions as soon as possible.

The recent threat of the unilateral abandonment of sanctions was hardly calculated to the full either. Should it be realized, Russia will be faced with a sharply negative reaction from the West. Even for Yugoslavia, one (Russian) window on Europe will not resolve all problems because Belgrade hopes to return to Europe through the door, not the window. If Moscow is not going to fall out seriously with the West (which is confirmed by Kozyrev's recent negotiations with Anthony Lake, Clinton's national security adviser), its threat will just hang in the air. In this event it is not clear why it had to be made in the first place.

With such a setup, reflections on the subject of Russia's possible withdrawal from the sanctions regime will have not a positive (as our Foreign Affairs Ministry may be hoping) but a negative effect. The West will get a new opportunity to say sarcastically that the Russians are decisive in making statements for their domestic public but far more compliant in their diplomatic contacts. And the Serbs will once again breathe a sigh of relief, reflecting on the subject of words and deeds.

Some journalists attribute the flaws and drawbacks of our foreign policy in the Balkans to its excessive tilt toward the Serbian side, which presumably brings grist to the mill of the Russian red-browns. If everything were that simple, it would not be difficult to rectify the situation.

In fact, however, the position of Russian diplomacy in the Yugoslav crisis is neither pro-Serbian, nor pro-Croatian, nor pro-Muslim. The problem is that it is nothing at all. It is too subject to internal expediency, when individual politicians try to monopolize the credentials as chief architect or chief interpreter of Russia's Balkans policy. And because the weight and the influence of domestic politicians are liable to fluctuations, the Russian position fluctuates with them. It is difficult to count on the consistency of our diplomacy in its approach to the Yugoslav crisis, just as it is to hope that its statements will have due weight.

Moscow Hopes Serbs Show 'Restraint' in Gorazde

LD2308170095 Moscow INTERFAX in English 1524 GMT 23 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 23 (INTERFAX) — Moscow hopes the Bosnian Serbs will show "political restraint" and will not storm the Gorazde "safe area," which U.N. peacekeepers are due to leave, a senior Russian diplomat said on Wednesday.

The diplomat told INTERFAX the international community had decided to pull the peacekeeping forces out of the Muslim enclave only after it became clear there was nobody to replace them.

"The Ukrainian peacekeepers were disarmed by the Bosnian Muslims when the city was besieged by the Serbs and are unable to carry out the functions they have been charged with. Great Britain, whose peacekeepers are also deployed in Gorazde, declared long ago that it intended to withdraw them from there," the diplomat said.

France and other NATO countries have refused to send their troops to the enclave, he said.

"Some Muslim states agreed to do that, but they have made conditions that are unacceptable to the international community. For example, Pakistan has expressed readiness to send to Gorazde no fewer than 1,500 troops. There is no room in Gorazde to place such a number of peacekeepers, nor can they be adequately provisioned."

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The result of all this was a decision to replace the peacekeepers by military, police and civilian observers, the diplomat said.

He said the decision did not contradict a Contact Group accord to allow NATO states to resort to air strikes against the Bosnian Serbs if the latter attacked Gorazde. The agreement was reached by the foreign and defense ministers of the Contact Group countries in London late last month.

UN Commander on Krajina, Slavonia Situation

MM2308140795 Moscow KRASNAYA ZVEZDA in Russian 23 Aug 95 p 3

[Interview with Brigadier General Van Der Weg, commander of the Sector "East" UN Forces, by special correspondent Aleksandr Oliynik in East Slavonia; date not given: "The Last Peace Zone?" — first three paragraphs are introduction]

[FBIS Translated Text] Two UN battalions, one Russian and one Belgian, operate in Sector "East" — which is in East Slavonia — of the contested enclave of Serb Krajina. Following the May and August Croatian offensives, during which Sectors "West," "South," and "North" were seized in turn, Sector "East" remains the only territory controlled by the Serbs; here the truce between the conflicting sides is observed, although with frequent violations.

What is the situation right now in the sector? Is an offensive by the Croatian Army expected in the near future in this last "confrontation point," which is under the defense of the "blue helmets," or will it be possible to avoid military operations here?...

It was with these questions that KRASNAYA ZVEZDA's correspondent began his conversation with Belgian Brigadier General Van Der Weg, commander of the Sector "East" UN Forces.

[Van Der Weg] A few days ago there was a very explosive situation in our sector. It seemed that the constant crossfire from mortars and small arms and the increasing fire power on both sides might escalate at any moment into full-scale combat operations in East Slavonia as well. Fortunately, this did not happen — apparently the Croatian troops' small numbers did not enable the Croatian General Staff to embark on an assault with strong prospects of success. At the present time, as far as I know, an intensive process of negotiations is under way at the highest level in connection with the situation in our sector. Both conflicting sides have been given orders to refrain from provocation. Though exchanges of fire are frequent in the buffer zone, especially at night.

[Oliynik] How, in this situation, would you describe the actions of those under your command, the Russian and Belgian peacekeepers?

[Van Der Weg] They all have to operate in the difficult circumstances of combat conditions, frequently under fire. I particularly wish to note the actions of soldiers and officers of the Russian battalion. The situation in the zone for which they are responsible is especially tense. Nevertheless, Battalion Commander Aleksandr Nizhegorodov — incidentally, a highly well-trained officer from the military perspective — is taking every measure to ensure that officers and soldiers perform their peacekeeping functions to the full. At the same time, strict neutrality is observed.

[Oliynik] General, how will events in East Slovenia develop subsequently, in your view?

[Van Der Weg] A difficult question. In my view, everything in this region will ultimately depend on the decision of the politicians and on agreement between the two presidents — Tudjman and Milosevic. As for a possible offensive by the Croatian Army, if it happens, it will be difficult for official Zagreb to justify it in the eyes of the world community.

[Oliynik] Do you think that it is possible to justify the Croats' war crime — the mass murder of civilians in Serb Krajina — by reference to political expediency?

[Van Der Weg] No, of course not. I believed, and I still believe, that the only reasonable method for solving the problems of Slavonia is negotiations. And for this it might even be necessary for the UN Security Council to discuss a new mandate for Sector "East," where a special situation has now developed.

[Oliynik] Do you mean that UN Security Council Resolution No. 981, which in April of this year established a new peacekeeping operation in Croatia — UNCRO, "the United Nations Confidence Restoration Operation" — and which has been so much disputed in the press, has in fact proved still-born?

[Van Der Weg] It is hard for me to comment on the UNCRO operation as a whole — I am responsible for my own sector. But the situation is such that it is better to introduce a new mandate to improve the effectiveness of the "blue helmets'" activity.

[Oliynik] Do you know anything about Sectors "South" and "North" now that the Croatian forces have invaded?

[Van Der Weg] I know that the UNCRO mission is no longer operating in these sectors, except with regard to humanitarian aid. As for the UN forces there, mission head Yasushi Akashi has stated that they will be withdrawn from Croatia within the next three months.

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[Oliynik] Forgive me for asking this question, General, but I think that one of the reasons why Operation Storm, during which the Croats killed thousands of civilians and more than 200,000 indigenous inhabitants of Serb Krajina were forced to flee, was possible, was that the UN command was fulfilling the orders of the North Atlantic bloc, rather than the "blue helmets'" mission?

[Van Der Weg] I do not think so. UN soldiers who were in the regions under Croat attack were subjected to deadly danger. It is very easy now to say that the "blue helmets" have not fulfilled their obligations.

[Oliynik] I am not talking about ordinary peacekeepers. Numerous facts testify that they were simply exposed. Moreover, five men were killed and more than 10 injured, and seven Danish serviceman, it has been established, were even used by the Croats as a human shield during the offensive. But even after so many outrages and humiliations from the Croats, the UN command did not find it possible to summon NATO air power to their defense, as it did more than once against the Serbs. I think that these and other blatantly obvious facts can be explained only by dual standards on the part of certain NATO countries in their approach to the Balkan crisis in general and to the Croats in particular. Essentially, the Croat offensive was provoked by the politicians of certain Western states. But now it is obvious: The war in Serb Krajina did not end with the fall of Knin. Is this not so?

[Van Der Weg] This is a question for the politicians. However, I agree with you (this is my personal opinion) that the world community did not take an appropriate stance in recent events in Croatia. I have been in Somalia and Rwanda as part of the UN forces, and I have seen from my own personal experience how important it is that the "blue helmets" observe strict neutrality in conflict zones. Yes, sometimes it is extremely difficult to achieve this — UN forces always find themselves between a rock and a hard place, and all the warring sides try to use them for their own purposes. However, I am profoundly convinced that the "blue helmets" must demonstrate their neutrality no matter what. Otherwise major unpleasantnesses await them, to say the least.

[Oliynik] A last question, General. What was the reaction of your country to Croatia's aggression?

[Van Der Weg] Absolutely clear — Belgium, and our king, have continually called for a peaceful settlement to the crisis in the Balkans, including Croatia.

Russia To Proceed With Iran Nuclear Contract

LD2408102595 Moscow ITAR-TASS in English 1016 GMT 24 Aug 95

[By Oleg Kuzmin]

[FBIS Transcribed Text] TEHRAN, August 24 (ITAR-TASS) — A Russian official said nothing could stop the implementation of the Russian-Iranian contract for the construction of the atomic power plant in Bushehr.

"Work for the installation of the first unit will start in next November and December, right after Russian contractors are admitted to the construction site," Russian Deputy Minister Power Resources Yevgeniy Reshetnikov told TASS at the end of an official visit to Iran.

No unexpected or sensational events have happened, Reshetnikov said. "We considered issues of re-initiating the already signed contract on providing Iran with fuel and receiving payment for the completed amounted of work," Reshetnikov said. The last issue — the admission of Russian workers to the construction sight — will be settled by October 15. As for the results of the examination of the plant, the Iranian side will receive them, next September, he said.

The 790 million US dollar contract for the installation of two reactors at the power plant was signed early in January. However, its price is likely to total one billion US dollars.

Iran does not have facilities necessary for using nuclear waste for military purposes because of their high cost, he said.

"Only people, who are absolutely unexperienced in the nuclear power industry, assert that the atomic power plant can be used for the creation of an atomic bomb," Reshetnikov stressed.

He dispelled doubts concerning the safety of the reactor, saying that similar ones had proved their reliability, including in Bulgaria.

U.S. Opposition to Reactors for Iran Viewed

SK2408011495 Moscow Voice of Russia World Service in Korean 1200 GMT 23 Aug 95

[FBIS Translated Text] Regarding progress in the preparatory work for the provision of light-water reactors to the DPRK, Alesksey Kondratyev, commentator of this radio station, states:

The Korean Peninsula Energy Development Organization [KEDO] began preparatory work for the introduction of light-water reactors in mid-August.

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KEDO was founded by the United States, Japan, and the ROK in March 1995. KEDO assumes that $4.5 billion will be necessary to introduce light-water reactors and that the construction of the reactors will be completed in 2003.

Seoul is given the basic financial burden within KEDO. The DPRK-U.S. agreement concluded last year in Geneva is being practically implemented.

This agreement is designed to ultimately resolve the nuclear problem by providing the DPRK with safer light-water reactors.

Washington believes that the nuclear problem on the Korean peninsula will be satisfactorily resolved through the provision of light-water reactors.

In this regard, an issue has been raised as to why the United States persistently opposes Russia's offering safe light-water reactors to Iran.

Russian experts think that by opposing Russia's offer, the United States is attempting to secure its competitive power in the international nuclear energy market.

The resolution of the nuclear problem will promote stability of overall situation on the Korean peninsula. However, other important issues to ensure practical stability on the peninsula still remain unsolved. Neighboring countries, including Russia and China, expressed interest in resolving these issues.

This being the case, Moscow has put forward a proposal for convening an international conference to comprehensively resolve all problems.

We believe that the conference will discuss and decide on the issue of guaranteeing security on the peninsula and the issue of the International Atomic Energy Agency's inspection of nuclear nonproliferation.

We also believe that this international conference will make affirmative contributions to resolving the fundamental problems, including the issue of denuclearization of the Korean peninsula.

Border Accord With PRC Tightens Security

LD2308193995 Moscow ITAR-TASS in English 1841 GMT 23 Aug 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, August 23 (ITAR-TASS) — The Russian-Chinese agreement on the strengthening of cooperation in border guarding will help tighten the general security regime in the region, Admiral Sergey Skalinov, deputy commander of the marine forces of the Russian border troops, told ITAR-TASS.

According to him, in the course of the implementation of the reached agreements a mutual exchange of information and measures for the prevention of offences by both sides will improve, and the fight against smuggling and poaching will tighten.

The admiral was asked by ITAR-TASS about the results of the completed official part of the visit to China by head of the Russian Federal Border Guard Service Andrey Nikolayev, who held talks with the leaders of the three "power" ministries of China — the Ministries of Defence, State Security and Public Security — on interaction of the two countries in border guarding.

Taking into consideration the fact that the greater part of the Russian-Chinese border passes along rivers, Skalinov noted, special attention in the signed documents is paid to the environment protection, the retaining of fish reserves and control over fish catching.

According to him, the normal border regime when it is closed only for offenders depends in many respects on the close interaction of border guards of the two countries.

The total length of the borders between Russia and China is 4,334 kilometres.

From the 1960s, the situation on the Russian-Chinese border began to deteriorate gradually, frontier incidents happened more often. For example, in 1962 Soviet border guards averted over 5,000 attempts of state border violations.

In February 1964, bilateral consultations on the verification of the Soviet-Chinese border line in its separate parts began in Beijing.

But only in 1992 the parliaments of the two countries managed to ratify a bilateral agreement on the eastern part of the state border between Russia and China, signed in Moscow on May 16, 1991.

The document, for the first time, made more precise the demarcation line between Russia and China without changing the land frontier.

On June 23, 1995 the Russian State Duma ratified an agreement on the Russian-Chinese state border in its western part, which was signed in 1994. Thus, the legal delimitation of the total length of the border was completed.

In view of border guards, the agreement signed in Beijing today, will help exclude incidents along the entire border line between the two states, Skalinov pointed out.

However, incidents still happen. According to information from the Federal Border Guard Service, in six

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months of this year 176 Chinese intruders were detained only in the Pacific border district.

A total of about 5,500 Chinese illegal residents have been deported from Russia since the beginning of 1995.

Investigation Continues Into Border Incident

LD2408065195 Moscow ITAR-TASS in English 0628 GMT 24 Aug 95

[By Larisa Beloyvan]

[FBIS Transcribed Text] VLADIVOSTOK, August 24 (ITAR-TASS) — The Chinese side has joined an investigation of an incident on the Russo-Chinese border which occurred on Tuesday when a Chinese citizen who had illegally crossed the border was mortally wounded by a Russian border guard.

On Thursday, representatives from the Chinese border guard department are expected to arrive in the area of the accident to inspect the territory where the incident occurred and familiarize themselves with the progress of the investigation.

A group of officers of the Pacific border guard district led by major-general Anatoliy Savitskiy arrived on Wednesday at the 13th border guard post controlled by the Grodekovsk border guard unit. The officers began an instigation of the incident to find out whether the use of weapons against the Chinese under the circumstances was legitimate.

Earlier reports said that the border guard did not shoot to kill, but attempted to stop the border trespasser who had ignored a warning shot and resisted the border guard patrol, attacking them with a knife. Nevertheless, the bullet which wounded the Chinese turned out to be fatal. Despite medical aid given to the man he died three hours later from loss of blood since his thigh artery had been cut by the bullet.

On Wednesday, Russian border guards detained three more border violators from China on the territory controlled by the Grodekovsk border guard post, ITAR-TASS learned from the press service of the Pacific border guard district.

In 1995, the number of people who violated the border on the territory of the Grodekovsk border guard post was 105, while the overall number of border violators detained by Russian border guards in this period was 228.

Germany's Ruehe Supports Russian-NATO Cooperation

LD2308181495 Moscow ITAR-TASS in English 1713 GMT 23 Aug 95

[FBIS Transcribed Text] RIGA, August 23 (ITAR-TASS) — German Defence Minister Volker Ruehe said he "supports cooperation between NATO and Russia, and between the European Union and Russia, because it must not be left in isolation."

The statement was made during Ruehe's meeting with Latvian parliament speaker Anatolijs Gorbunovs in Riga on Wednesday.

Ruehe was in Latvia on a two-day visit to discuss bilateral military cooperation and prospects for Latvia's integration into European security structures. The two sides also discussed NATO's expansion and prospects for the admission of 11 new members, including three Baltic states. However, Ruehe pointed out that this will be a gradual process.

In his meeting with Latvian Prime Minister Maris Gailis, who is also acting Defence Minister, the German defence minister believes that Russia will not become a member of NATO or the European Union in the near future.

Speaking about relations between Riga and Moscow, Gailis confirmed Latvia's determination to build them on the basis of good-neighbourliness. In his view, bilateral relations between the two countries have reached stabilisation.

Ruehe also visited a training centre for the Baltic peacekeeping battalion and took a look at its equipment donated mainly by foreign countries.

During his meeting with President Guntis Ulmanis, and later with journalists, Ruehe recalled that 56 years ago today Molotov and Ribbentrop signed their infamous pact which plunged Latvia, Lithuania and Estonia into poverty.

Now, the three Baltic states are making their way back to Europe and Germany will help them travel this path faster, Ruehe said.

Speaking about Chechnya, Ruehe described Russia's actions in that North Caucasus breakaway republic as a "big mistake."

Later in the day, Ruehe was due to leave for Estonia.

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Political Issues

Diplomat Terms Abkhaz Decision 'Counterproductive'

LD2308152495 Moscow INTERFAX in English 1518 GMT 23 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 23 (INTERFAX) — Moscow believes that the Abkhaz parliament's decision to turn down the protocol on settlement of the Georgian-Abkhaz conflict, proposed by Russia, is "counterproductive in its essence."

A high-ranking Russian diplomat told INTERFAX today that "this is at least a short-sighted move which runs counter to the long-term interests of the Abkhaz people."

The diplomat said Moscow was going to react to the Abkhaz parliament's decision "in the toughest fashion."

However, the diplomat declined to elaborate on which tough measures Moscow might take towards Abkhazia. He said another round of Georgian-Abkhaz talks under Russian mediation was due to be held in Moscow on August 29. "By that time, we'll find a way to notify the Abkhaz leadership on our stand," the diplomat said.

The diplomat said Russia ruled out the possibility of its stopping the search for ways to settle the Georgian-Abkhaz conflict. "We cannot afford this because this would contradict Russia's national interests," he said.

The diplomat said he believed that the Georgian-Abkhaz conflict might flare up more intensively once Russia withdrew its peacekeepers from the conflict zone. "Russia cannot afford to do this, taking into consideration the developments in Chechnya. There is no doubt that the entire Russian North Caucasus would get involved in military actions in Abkhazia if they renewed," the source said.

With regards to the stand of Georgia, which in fact spoke in favor of the Russian draft protocol, the diplomat said, nevertheless, that "the absence of progress at the talks is partially due to Georgian policy."

"Unfortunately, the Georgian side has not done much to develop the principles of federalism, which, as we believe, must form the foundation of relations between Tbilisi and Sukhumi," the Russian diplomat said.

Yeltsin Vetoes State Laws Passed by Duma

LD2408105395 Moscow ITAR-TASS in English 1039 GMT 24 Aug 95

[FBIS Transcribed Text] MOSCOW August 24 (ITAR-TASS) — Russian President Boris Yeltsin today vetoed a State Duma-passed federal law on insurance payments to extrabudgetary funds of the state.

A letter which Yeltsin sent to State Duma chairman Ivan Rybkin says law-sanctioned change of the current procedure for insurance deductions would significantly reduce the Russian pension fund and entail delays in payment of pensions.

The adoption of this law might be of adverse social consequence, the presidential press service quoted Yeltsin's letter as saying.

Yeltsin also rejected a Duma-passed law on closed administrative-territorial formations.

Yeltsin's letter says some provisions of this law do not conform with the Russian Constitution and constitutional powers of the State Duma.

They also contradict the constitution-set principle of power separation, and this is in fact the parliament's encroachment on constitutional powers of the government and the president, including his powers as commander-in-chief, the letter says.

Yeltsin Signs Edict on 'Vybory' System Backup

MM2308164295 Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 4

[Edict No. 861 "On Backing Up the Activity of the Russian Federation 'Vybory' State Automatic System" signed by Russian Federation President Boris Yeltsin — from the "Documents section]

[FBIS Translated Text] Moscow, Kremlin, 18 August 1995 — With a view to the comprehensive solution of questions connected with the activity of the Russian Federation "Vybory" state automated system I decree:

1. That a federal information technology center [Federativnyy Tsentr informatizatsii] (hereinafter referred to as the Center) be created under the Russian Federation Central Electoral Commission for the organizational, information, and methodological backup of the Russian Federation "Vybory" state automated system (hereinafter referred to as the "Vybory" system).

2. That the attached provision on the Russian Federation Central Electoral Commission federal information technology center be approved.

3. That the Center workers be put on a par, in terms of their conditions of remuneration, socioconsumer provision, and medical services, with workers of the Russian Federation Central Electoral Commission apparatus.

4. That the Russian Federation Central Electoral Commission and the Russian Federation State Committee for the Administration of State Property transfer to the Center's operational management the "Vybory" system's federally owned property package.

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5. That the Russian Federation Ministry of Finances, in elaborating the drafts of the federal budget for 1996 and subsequent years provide for funds to back up the Center's activity.

6. That the federal organs of state power and organs of state power of the Russian Federation components assist the Center in resolving the tasks facing it.

7. That the Russian Federation State Committee for the Administration of State Property in conjunction with the Moscow Government allocate within a month premises in Moscow with a total area of at least 1,000 square meters to accommodate the Center.

8. That this edict enters into force on the day it is published.

[Signed] Russian Federation President B. Yeltsin

Kremlin Presidential Election Strategy Seen

MM2408110595 Moscow MOSKOVSKIYE NOVOSTI in Russian No.56, 20-27 Aug 95

[Report by Anna Ostapchuk and Yevgeniy Krasnikov under the "Politics" rubric: "Rescue Operations in the Kremlin"]

[FBIS Translated Text] As the elections draw closer, plans to prevent the opposition from coming to power are being actively drawn up in Kremlin offices. Three options for the president's electoral strategy have been analyzed: the appointment of a strong and loyal heir, a bid for reelection by Boris Yeltsin, and a delay in the presidential elections. Despite official assurances that the last option is out of the question, certain developments in domestic political life make one suggest that such a turn of events is still a possibility.

Predicting political upheavals at a time when the country is gliding toward parliamentary and presidential elections is a thankless task. Events of the past few weeks, however, do not fully fit in with the logic of upcoming election campaigns.

Paradoxically, as presidential elections approach, it is not the agitation and propaganda apparatus that the authorities are in a hurry to modernize, but the power structures (we are referring here to the recent edicts on incorporating the Main Protection Directorate into the Presidential Security Service and the latter into the presidential administration, and also on making "Alfa" subordinate to the Federal Security Service, etc.). This is all the more intriguing because the "Pretorian guard" will inevitably be in for an across-the-board purge on the arrival of new masters in the Kremlin.

Other forces capable of backing the president in the critical hour are also being mobilized. The other day Boris Yeltsin signed the edict on the state register of Cossack communities, the purpose of which is to attract the Cossack "troops" into the civil service (particularly into protection functions). According to available reports, the government was tasked with allocating 2 trillion rubles to the Cossacks. It is expected that in response, the thankful Cossacks would declare the president their ataman.

Even presidential advisers let it be known that decisions of considerable importance for the fate of the state should be expected in the very near future. It is hardly by chance that Georgiy Satarov made a statement during his U.S. trip about the possibility of establishing a right-wing dictatorship in the country. Aleksandr Livshits said in a recent televised interview that the results of surveys on Yeltsin's electoral prospects would be received by September and they would help the president make a definite decision on his political future.

It is well known that current forecasts predict defeat as highly probable for Boris Yeltsin in the upcoming elections. For this reason, Kremlin analysts are actively drawing up formulas that they think can safeguard the country against the advent of reactionary forces to power. Evidently until very recently priority was given to the "heir" project; it also seemed that Premier Chernomyrdin was best suited to play this role. What his image-makers have done, however, is clearly overkill. "Too stormy a start, too much independence," a high-ranking official from Staraya Square [Presidential Staff seat] said. Moreover, it turned out that Chernomyrdin's entourage is not so loyal to the president as the premier himself is. The logic is simple: Only by distancing oneself as far as possible from the Kremlin can one be sure of victory in the elections. It is well known that certain allies of Chernomyrdin's even urge him to revise his assessments of the events of October 1993.

The West, too, did the premier a disservice. The president was familiarized with reports from "informed sources" that the G-7 pins its hopes for the retention of stability in Russia on his potential protege, not on him any longer. What's more, a patriarch of international politics whose career is drawing to a close (Helmut Kohl, for instance) is allegedly ready to try to convince the Russian president that in the final analysis Boris Yeltsin himself stands to benefit from appointing an heir apparent. During his summer vacation the president was given an opportunity to browse through a roundup of foreign publications on the matter, after which all talk about Chernomyrdin as the heir to the throne died a natural death in the presidential entourage.

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It seems that recently there have been attempts to convince Yeltsin that not only is the premier not sufficiently loyal, but that in any case he is not a particularly promising candidate. Kremlin forecasts promise the "Our Home" movement only 12 percent of the vote (by the same estimates, Rybkin's bloc would garner even less — 3.5-4 percent).

That being so, another possible favorite — the Congress of Russian Communities [CRC] under Yuriy Skokov and Aleksandr Lebed — is actively pushing its way to the fore. The congress' popularity is on the rise, while according to the "Public Opinion" fund, General Lebed's rating is already as high as 30 percent. Many of the mass media have already launched an intensive effort to raise the CRC's profile, while certain pundits were swift to declare that alongside "Our Home" and Rybkin's bloc it is one of the three forces that "undoubtedly reflect an objective trend in Russia's post-Soviet and post-socialist development."

It is well known that Skokov and Yeltsin have had an uneasy personal relationship, but even in his post-October memoirs the president called the current CRC leader "a reserve prime minister." By some accounts, Skokov has already said in his inner circle that for the time being he is not going to lay claim to the presidency and is ready to put up with the role of No. 2 in the state. The president's new rapprochement with Yuriy Skokov may seriously boost Yeltsin's presidential chances, but it will mean a considerable shift in his views toward the patriotic opposition.

The unpredictable Aleksandr Lebed, the "engine" of the congress' entire electoral campaign, remains an unresolved problem of this potential alliance. It is proposed that if the maverick general does not display the requisite loyalty he should be "cut off" after the CRC's rating is raised to a certain peak. It is unclear, however, whether the congress' victory in the parliamentary elections will be so convincing as to enable Yuriy Skokov to form a new government. And will Skokov as premier be sufficiently loyal to help Yeltsin achieve victory in the presidential elections?

For this reason, it comes as no surprise that a number of high-ranking Kremlin officials see the scenario of delaying presidential elections as the most reliable option. But it can be put into practice without bending the Constitution only by imposing a state of emergency on the country along with it. There are three pretexts under consideration that are seen as the most convincing ones. The first pretext, which has repeatedly been mooted by the press, is the repetition (particularly in Moscow) of terrorist acts similar to the one in Budennovsk. The likelihood of a successful outcome to the peace talks in Groznyy is diminishing by the day, while the Chechen fighters make increasingly frequent threats to stage an all-Russia "Budennovsk" by using weapons of mass destruction.

The second pretext may pop up as a logical follow-up to the notorious edict on the struggle against organized crime. The death of Ivan Kivelidi has shown that Russian society's reaction to such tragic excesses is becoming increasingly impatient. It cannot be ruled out that tough actions to "impose order," even if accompanied by a "temporary curtailment of democracy," would elicit approval from a considerable part of the population.

Finally, a state of emergency could be imposed in response to spontaneous disturbances that could be sparked by economic hardships (for instance, nonpayment of wages).

It is well known that the introduction of a state of emergency requires consent by local administrations and the Federation Council. If all the aforesaid conditions are in place, however, the regional administrations are unlikely to resist such a presidential move. As for the Federation Council, here the president can count on thwarting its efforts to garner a quorum: Loyal senators may be "talked out" of attending the Federation Council meeting in question, while all others may be simply banned from entering Moscow on one pretext or another.

An indirect argument supporting the last theory is persistent rumors of the imminent resignation of the chief of the Presidential Staff, who is set to be replaced by either Aleksandr Korzhakov or Viktor Ilyushin. Judging by Yeltsin's memoirs, it was Sergey Filatov who was the most vocal opponent of Edict No. 1400 in fall 1993.

Naturally, Yeltsin will be unable to keep the country in a state of emergency for a long time. But no new law on the state of emergency has so far been passed, while the old one has been effectively disavowed by the Constitutional Court. Therefore, the authorities will have an absolutely free hand for at least three months. Suspending the operation of representative bodies, banning undesirable political organizations and releasing compromising evidence against their leaders, introducing a special regime of operation for the mass media — all these measures may crucially alter the Russian political landscape by the time the delayed elections will be due to take place, and this may help the president to end up a victor once again.

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Yeltsin Said To Promise Rybkin Executive Position

MK2408095295 Moscow MOSKOVSKIYE NOVOSTI in Russian
No. 56, 20-27 Aug 95 (Signed to press 22 Aug 95) p 7

[Report by Yevgeniy Krasnikov: "Is Ivan Petrovich Changing Professions?"]

[FBIS Translated Excerpt] According to MOSKOVSKIYE NOVOSTI's information, Ivan Rybkin has been promised a high position in the executive power system. [passages omitted]

Although the Rybkin bloc venture can be considered laid to rest, the Kremlin "directive" on the bloc's creation has not been canceled yet, and therefore the "center-leftists" held their founding conference a few days ago. It was said at the conference that the bloc is comprised of the "Regions of Russia" and "My Fatherland" movements, the Union of Realists, the Russian Youth Union, the Association of Deceived Depositors, and a number of veterans' organizations. It is unnecessary to argue about the political prospects of such a coalition, for it has none. Much more interesting appears to be the behavior of the Duma speaker over recent months.

As many people know, the Agrarian Party's faction not only offered Rybkin a place among the top three on its federal slate but also promised help in ensuring for him the position of speaker. "Why did Ivan Petrovich [Rybkin] ruin these plans? Everything was indeed about to drop into his lap," wondered the Agricultural Party of Russia leader, Mikhail Lapshin, in a recent private conversation.

The speaker quarreled with his former allies over the work to form a "center-left bloc," a task assigned to him by the president. Nearly all observers agree, however, that Rybkin has been playing the "center-leftist" leader role without the slightest enthusiasm, never showing any desire to find new allies or at least keep those that already exist. Representatives of the "Cedar" [Kedr] movement spent more than three months in Rybkin's waiting room in the vain hope of agreeing on terms for their joining the bloc. The industrialists and labor unions would have hardly made such a categorical decision [not to join the bloc] had Rybkin honored their conferences with his presence or had he at least sent cables of greeting.

It is impossible to attribute the strange behavior of the experienced speaker to his "political ineptitude." It is likely that he is no longer hitching his political career to either the legislative power or the upcoming election. According to MOSKOVSKIYE NOVOSTI's information, the president has already promised Rybkin one of the high positions in the executive power system (named in this connection are the positions of Security Council secretary or first deputy premier). A place of honor in Boris Yeltsin's current entourage may look to Ivan Rybkin much more secure than the most important position in a new Duma.

Rybkin Seen as Authorities' 'Front Man'

MM2308095595 Moscow IZVESTIYA in Russian
23 Aug 95 p 2

[Article by Valeriy Vyzhutovich: "Spurned by Its Own. Not a Single Influential Party Joins Ivan Rybkin Bloc"]

[FBIS Translated Text] Stage one of the conference of representatives of more than 50 parties, movements, and organizations which signed the document setting up the left-of-center electoral bloc has been held. Its leader Ivan Rybkin, addressing journalists, announced that under its program principles it will be a bloc of "social justice, order, law, creation, and realism."

The founders of the "Ivan Rybkin bloc" (that is how its main founder dubbed the electoral association) include sociopolitical movements and organizations whose names mean little to the general public — "Russia's Regions" (Artur Chilingarov), "My Fatherland" (Viktor Mishin), "Consensus" (Vyacheslav Pakharev), "People's Movement-Russia" (Igor Shichyanin), the Russian Youth Union (Vyacheslav Lashchevskiy), and the "Union of Realists" (Yuriy Petrov).

The Federation of Independent Trade Unions of Russia [FITUR] and the Russian United Industrial Party [RUIP] were to have been part of this electoral corporation, but they turned it down at the last minute. "Rybkin's left-of-center bloc," in FITUR Chairman Mikhail Shmakov's expert view, "has a lot of the center and not enough of the left."

The stock of Ivan Rybkin's portentous declaration — "we are doomed to agree" — has fallen sharply. The State Duma chairman's potential allies are not interested in any agreement with the current authorities — they want to win seats exclusively by criticizing the president and the government. The leader of the left-of-center bloc is expected to do likewise. But the most that the highly tactful and tolerant Ivan Petrovich will allow himself to do is to slightly reprove the Cabinet of Ministers for the "inadequate social bias" of its economic program. The sharper words about the government from the speaker at his meeting with journalists looked like a rehearsed and not very well-acted role. This role — the role of an official member of the opposition — was an appointment the Duma chairman received from the president. As Gennadiy Zyuganov noted, Rybkin is a "front man" [podstavili].

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But were not the Kremlin directors themselves "front men" in forcing Rybkin to deliberately play the role in which he shone "until the bitter end" on the boards of the Khasbulatov Supreme Soviet? Nonetheless, the main office on Okhotnyy Ryad, membership of the Security Council, and regular business meetings with the president have notably transformed the performer. Many rejoiners (along the lines of "We demand the creation of a government of people's confidence!") are no longer uttered by him, certain productions (the most expressive being the vote to impeach Boris Yeltsin) have been firmly forgotten, and he has changed role. And yet the producers of the electoral play "We Will Win!" believe that they need to show the public the old Ivan Rybkin of the 1990-1993 seasons. Only that one could come close to carrying out the dizzy task of snatching the electorate from the Communist Party of the Russian Federation, "Derzhava," and the other genuine left-wing parties, organizations, and movements.

For all the statistical abundance of allies, the center-left still does not have within its bloc a single authoritative or influential party of any kind. And not a single major political figure apart from Ivan Rybkin himself and the number two — General Boris Gromov.

There are many indications that Rybkin has lost Kremlin patronage, on which he had clearly been counting in agreeing to oppose the center-right.

The only force able to breathe life into the stunted child of the center-left and get it on its feet in time for the elections would be — so the founder himself believed — the Agrarian Party. The problem is that Ivan Petrovich is behaving like Ivan who does not remember his party kinship. He pointedly took no part in the last Agrarian Party of Russia congress. Even worse, he insulted his recent soulmates by publicly predicting that if they did not come to their senses they would turn their electoral list into a "second version of the marasmic CPSU Central Committee Politburo."

It is not surprising that the agrarians are resolutely against joining an electoral alliance with an apostate. Nonetheless, Rybkin has called on them not to "get angry." And he revealed his minimum program — the center-left would cooperate with the Agrarian Party in single-seat districts.

Most probably, the speaker will count on an alliance with the parties and movements which gravitate to the left-of-center but are unable to break the 5-percent barrier independently. So the refusal by the FITUR — which allegedly represents 20 million "working people" but actually represents just its own functionaries — to join the left-of-center banner seems too arrogant. The decision to distance themselves from the speaker could also rebound on the leaders of the RUIP, which is now no more popular than its late predecessor — "Civic Union."

Rybkin will probably be a member of the new Duma. One way or another the authorities will get him in. The authorities to which he is supposedly opposed.

Ryzhkov's Election Bloc Applies for Registration

LD2308170595 Moscow INTERFAX in English 1414 GMT 23 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 23 (INTERFAX) — The Power to the People bloc, led by the former Soviet Union's former prime minister Nikolay Ryzhkov, applied to the Central Electoral Commission for registration Wednesday.

This bloc consists of the Russian Pan-National Union led by Sergey Baburin, the Union of Officers led by Stanislav Terekhov and the Mothers for Social Justice movement led by Yelena Shuvalova.

Terekhov told INTERFAX that the new bloc will hand a federal list of its candidates to the Central Electoral Commission immediately after a founding congress to be held in Moscow on August 28. Candidates are expected to be elected in a secret ballot.

The first three candidates are Ryzhkov, Baburin and Shuvalova.

The collection of voters' signatures (at least 200,000, authorizing the bloc to join the election campaign) is to be initiated after the list of candidates has been presented to the Central Electoral Commission, said Terekhov.

Rutskoy's Bloc To Run List of 270 Candidates

MK2308111695 Moscow SEGODNYA in Russian 23 Aug 95 p 2

[Report by Gleb Cherkasov: "'Derzhava' Has Expanded Its Slate to the Maximum. No Business People or Actors Among the Candidates — Only People Who Will Be Able To Work in the Duma"]

[FBIS Translated Text] Viktor Kobelev, head of the election headquarters of the social-patriotic movement "Derzhava" and a State Duma deputy, told your SEGODNYA correspondent yesterday that the list of Mr. Rutskoy's movement would amount to 270 candidates (the maximum number possible under the law); moreover, most of the candidates on the list will run in single-seat constituencies. According to Mr. Kobelev, among the "Derzhava" candidates there can be found neither representatives of big business nor persons working in the arts and culture. Viktor Kobelev

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went on to say that no past services of the candidates have been taken into account and that there are people on the lists "who will be able to work in the Duma." Mr. Kobelev chose to hold back the names on the central part of the list. It will be recalled that topping the list is Aleksandr Rutskoy, the leader of "Derzhava," who in Viktor Kobelev's view, "has emerged as a real politician on a state scale." The "Derzhava" ticket will be finalized at an election meeting scheduled for 26 August.

According to the Duma deputy, those collecting signatures will have to meet the most stringent requirements: in the event that phony signatures are discovered among those submitted by some region, the movement's leadership will apply the toughest sanctions right up to the expulsion of a regional list. Viktor Kobelev is confident that "Derzhava" will overcome the signature-raising stage.

Viktor Kobelev deems it inexpedient to strike up any coalitions at the parliamentary election stage; therefore, "Derzhava" will run independently, despite a number of proposals on joining an electoral alliance made to Mr. Rutskoy's adherents of late. Mr. Kobelev, however, feels certain that the patriots will be able to agree on a concerted effort when already in the Duma. Viktor Kobelev refrained from commenting on the chances of other patriotic electoral blocs, emphasizing only that "the nationalists have no chance." [as published]

Pamfilova, Lysenko, Gurov To Form Election Bloc

LD2308165195 Moscow INTERFAX in English 1414 GMT 23 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 23 (INTERFAX) — A new election bloc, led by Ella Pamfilova, Vladimir Lysenko and Aleksandr Gurov, is to be set up at the start of September, State Duma deputy and leader of Russia's Republican Party Vladimir Lysenko has said. The document on the establishment of the new election bloc is to be signed during the party congress to be held in Moscow on September 2 to 4, according to Lysenko.

Lysenko, speaking in an exclusive interview with INTERFAX, said that among the members of the bloc — as allies and not as legal entities — will be the Soldiers' Mothers Public Committee and other organizations.

He also said that according to opinion polls, the Republican Party's rating stands at about 5%. He said his bloc was likely to get 6% to 9% of the votes during the forthcoming parliamentary elections.

Here are some reference notes from INTERFAX about the bloc leaders.

Vladimir Lysenko was elected to the State Duma, the lower house of the Russian parliament, in 1993 as a representative of the Yabloko bloc. In July 1994, he was expelled from the Duma's Yabloko faction for serious disagreements with the party's position. For instance, as the leader of Russia's Republican Party Lysenko signed the Public Accord Agreement in May 1994, although the Yabloko faction led by Grigoriy Yavlinskiy has consistently voiced its opposition to President Yeltsin.

In the Yegor Gaydar government, Ella Pamfilova was Minister for Social Welfare. She was elected to the State Duma in the fall of 1993 as one of the three leaders of the Gaydar-led Russia's Choice movement. In the fall of 1994 Pamfilova quit the Russia's Choice faction in protest against the social policies pursued by the authorities.

Aleksandr Gurov worked with the Soviet Union's KGB. With the arrival of perestroyka he was made leader of the Soviet Interior Ministry's newly-established department for combatting organized crime. He authored an article about combatting organized crime entitled "The Lion Has Jumped" which was published in LITERATURNAYA GAZETA and was much disputed in the late 1980s. Now Gurov is head of a private security agency.

Generals' Political Involvement Questioned

MM2408104795 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 56, 20-27 Aug 95 p 5

[Article by Tatyana Yakhlakova: "Military-Political Campaign"]

[FBIS Translated Text] As a result of the generous handout of shoulderboards under the guise of demilitarization of the country, the number of generals per capita of Russia's population seems to have reached the critical point where transition from quantity to quality takes place. Not content with their Army career, professional soldiers clearly intend to become professionals in the political field. This gives further pause for thought because their ambitious plans are being encouraged in every way by politicians themselves.

As elections draw near, the party and political landscape of Russia is coming to increasingly resemble a map of large-scale combined-forces exercises, if not actual military operations. General Achalov (Airborne Troops) is completing talks with Gen. Sterligov (former KGB) on creating a single election bloc. Gen. Varennikov (Ground Troops) has been asked to run on the Communist Party of the Russian Federation ticket. The Union of Officers leader, Lieutenant Colonel Terekhov, has joined Nikolay Ryzhkov's "Power to the People"

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bloc. The half-forgotten Gen. Tarasov (Tank Forces) is not quitting the ranks of the National Salvation Front, so nearly ruined by feuds but never losing its militant patriotic spirit. Having drunk from the cup of power Aleksandr Rutskoy (Air Force) has hidden away from the media gaze to prepare for attack the even more patriotic "Derzhava." His namesake Aleksandr Lebed (Airborne Troops) has allied himself with Congress of Russian Communities leader Yuriy Skokov. Gen. Gromov (now in military diplomacy) has resolutely come to the rescue of Ivan Rybkin, mired in long-delayed construction. And finally, a real sensation: Gen. Podkolzin, commander of the Airborne Troops, has joined up with Vladimir Polevanov ("For the Motherland" bloc), dismissed chairman of Goskomimushchestvo [State Committee on the Administration of State Property]. It is the last circumstance that brings the situation to a qualitatively new level: An army in the field is joining the game.

A precipitous militarization of parties' organizational development is one of the Russian paradoxes unfathomable by the world but rather in line with the logic of local reality. If the special services chiefs, Gens. Korzhakov (Presidential Security Service) and Barsukov (former Main Protection Directorate), who are supposed to stay deep in the shadows owing to the nature of their jobs, are regularly appearing in expert surveys among the ten most influential politicians, their counterparts in the forces should be even less ashamed of seeking worldly fame. Especially the retired ones. They cannot very well live on their pensions alone when prices do not believe that the ruble has stabilized and people will still believe that those who were "fathers to our soldier boys" could prove to be caring and just fathers of the people.

The politicians also have their reasons. They have made no secret of the fact that their love of generals is mercenary. The election outcome will quite probably be determined (if we rule out juggling) by the most disciplined voters of all — pensioners and servicemen. Their political preferences are largely a matter of accident or orders, and their turnout is close to 100 percent. This makes nonsense of forecasts based on the most representative sampling At the same time it leaves hope for fruitful agitation work among the aforesaid masses. The more so because every disgraced (and undisgraced) general has in the Army ranks his supporters, while the older civilian population that has suffered at the hands of clever laboratory heads has not lost affection for men in military uniforms.

Clearly this is precisely the case where the marriage of convenience benefits both sides. And, equally clearly, no military-party bloc can count on a serious success in December: The competition is too strong. But an entirely different configuration of forces will take shape by the presidential election, and it could happen that less promising (in a political sense) generals throw their ambitions at the feet of a more promising one. If the party leaders follow suit and only a quarter of the voters come to the polls, the peaceful advent of a military dictatorship (albeit "enlightened") would be a worthy completion to many years of efforts to reform the Army and demilitarize the country.

The seeming unlikelihood of such a prognosis (owing to the musical-comedy quality of some of the figures) does not cancel out the emerging trend. The regime is most certainly playing the same games with "its own" generals, who are not eager to get elected because they already have power. And although not all the generals are "hawks," their strength inside and outside the president's entourage look likely to become equal any day now.

The nearer the elections come, the narrower the boundary between the opposition and the regime becomes. General Grachev, who carried out the gory thrust to the Russian south, has come to be loved very much by the plotter of even more distant thrusts but who is still only a colonel — Zhirinovskiy. The president has hired as his adviser a dismissed minister for nationalities affairs who does not hide the fact that he prefers bullets to diplomacy in this delicate sphere. At the same time Chernomyrdin the party leader has come to oppose Chernomyrdin the premier — which does not lend itself to any comprehension even if you call it a paradox.

The democratic alternative in this situation appears not only fragmented but also feeble. It has not a single general in its nest and suffers from a complete lack of real levers to make an impact on the emerging process. It is not yet an opposition (in the voters' eyes), but it is no longer a government. Would it survive if parliamentary factions came to be formed according to arms of the services rather than according to which parties win?

Pensions Crisis Likely To Impact Elections

MM2308134795 Moscow IZVESTIYA in Russian 23 Aug 95 p 1

[Article by Ivan Zasurskiy: "Pensions Crisis Could Change Russia's Constitutional System"]

[FBIS Translated Text] The payment of pensions for July was only completed 15 August. All the indications are that this tangible delay will not be the last. Vasiliy Barchuk, chairman of the Pension Fund Board, warned of possible severe holdups in the payment of pensions as a result of their being increased.

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In the words of Leonid Chumakov, manager of the Moscow branch of the Fund, this problem does not arise in the capital because the collection of insurance contributions here always exceeds the pension payout — by 110-220 billion rubles [R]. The real reason for the holdup in pensions across Russia, in his words, is the federal budget debt to the Pension Fund, which pays out so-called social pensions — to Great Patriotic War invalids, invalids from childhood, people affected by the Chernobyl nuclear power station accident — instead of the budget doing it.

Nizhniy Novgorod Oblast Governor Boris Nemtsov considers that complete victory at the elections for "diehards" and left-wing forces is not only possible but likely because the most politically active and organized electorate — pensioners — will not receive their August and fall-month pensions on time despite this being a life or death matter for many old people.

The pension crisis, which in Nemtsov's words will equal the Gaydar-era cash crisis in scale, will have much more serious consequences: "A realistic scenario is a development of events in which the new parliamentary majority will be such a weighty force that it will be able to adopt amendments to the Constitution and change Russia's state system by constitutional means," the Nizhniy Novgorod governor believes.

In Nemtsov's words, this testifies at least to poor-quality management — the first pension holdups started by in the spring, and now more than half of Russia's pensioners are not getting their money on time. Against this backdrop a decision was adopted to increase the size of pensions, which, if implemented, will inevitably lead to the de facto bankruptcy of the Pension Fund. And although per se the introduction of the new level of minimum pension is not as big a deal as previous increases, in the context of Russia-wide payments the contribution made by this step by the authorities to the bankruptcy of the Pension Fund will be more than appreciable.

In Nizhniy Novgorod Oblast the delays in paying pensions began in July — later than across Russia as a whole, that is. In August the delay in paying pensions was already of the order of two weeks. But allowing for the increase in the pension level, in September the crisis could start to assume frightening dimensions and in October it could be making the weather in Russian political and social life.

"The Gaydar government, which distinguished itself by not paying workers their wages, could at least argue that nobody needed the output being produced by their plants. But what can you say to pensioners who have already produced everything they are going to produce?" Nemtsov wonders. "No financial policy can possibly justify what is happening," he asserts. Especially since the authorities are themselves guilty of exacerbating the contradictions between their own financial policy and the conditions governing its implementation — after all, on this occasion there were no mass movements pushing for an increase in pensions.

In the governor's words, he would approve literally any measures to prevent a pension payments crisis, which would be not only a very heavy blow to the less than affluent but could also trigger a social explosion. The amount of money required is huge, and there are no circumstances in which the oblast administration would be able to finance the Pension Fund's expenditure for the oblast or even compensate in any meaningful way for delays in the payment of pensions: The Pension Fund's monthly budget for the oblast totals R240 billion whereas the entire oblast budget comes to just R200 billion. "And if people tell me that only printing money will save the situation, I would be in favor of printing money to cover the Pension Fund deficit," Boris Nemtsov stated. "Emergency measures right now could still save the situation. The next few weeks will show to what extent the government, which is in practice taking part in the elections in the shape of the premier's bloc, is inclined toward self-destruction."

Military Issues

Commander Views Air Force's Status, Future

MM2208135295 Moscow KRASNAYA ZVEZDA in Russian 19 Aug 95 pp 1-2

[Article by Colonel General of Aviation Petr Deynekin, Air Force commander in chief: "Russia Has Been, Is, and Will Remain a Great Aviation Power" — first paragraph is editorial introduction]

[FBIS Translated Text] A professional holiday is a good excuse for more than just a good blowout. We can also stop, take stock, and think about the future. Today, on the eve of Air Fleet Day, we are publishing an article by Doctor of Military Sciences Colonel General of Aviation Petr Deynekin, commander in chief of the Russian Federation Air Force.

Journalists often ask me an entirely fair question — since, following the collapse of the USSR, a number of major aviation enterprises and dozens of airfields are now outside Russia and can no longer be used, and since there is an acute shortage of funding, fuel, and housing, will not the Russian Federation ultimately be left without air cover, and will our military pilots be able to carry out the missions facing them? Yes, the Russian Air Force is going through a difficult period.

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But we should not be in any hurry to give up the status of an aviation power. If we look into the situation professionally, we can see for ourselves that there are some sensible grounds for optimism.

The high technical standards of our aircraft and the skills of our pilots have been applauded in recent years at air shows at Le Bourget and Farnborough, Seattle and Melbourne, Singapore and Abu-Dhabi.... Not a single fighter in the world apart from the Su-27 and the MiG-29 is able to perform such aerobatic and combat maneuvers as the tail slide [kolokol] and the "cobra".... Even in the most "stagnant" years our aviation did not suffer from stagnation.

The time for vigorous action to implement military reform and Russian Federation Air Force organizational development arrived in May 1992, when the decision to form the Russian Armed Forces was made.

There were many problems. We took them into account when drawing up the concept for the Russian Air Force's organizational development through the year 2000.

It is planned to do this work in three stages.

In the first stage we analyzed the actual condition of the Air Force, took "stock," sorted out the organizational structure, and clarified the procedure for withdrawing aircraft and creating aviation groupings. Since 1993 we have embarked on the practical implementation of measures in the second and main stage of the reform.

I will mention the most important aspects.

We have completed the creation of aviation groupings in the Western sector. On the territory of the Moscow and North Caucasus Military Districts we have reformed two Frontal Aviation air armies. And in order to make rational use of the aviation legacy inherited by Russia, aviation combined and other units have been deployed at higher aviation colleges and training centers in the interests of creating combat-capable groupings.

The transition to a new five-year system of flight-crew training has begun.

A mixed system of manpower acquisition (by draft and by contract) is being introduced. Air Force personnel have been cut by two-thirds. We have moved to a new organizational structure, cutting administrative components. Instead of two Air Force military district administrations we have formed two aviation commands — Frontal Aviation and the Reserve and Personnel Training Command. Their emergence alongside the existing Long-Range Aviation and Military Transport Aviation means that the structure of administrative organs at the operational and strategic level has become logical.

In our view, this is the most successful structure in all the years that the Air Force has existed in our country. Moreover, air commands exist in the air forces of all the world's developed countries.

Talking about present-day problems, I have to note that the most acute problem is the inadequate funding of the Air Force (30 percent of what is needed). This is having a substantial effect on purchases of aviation equipment and arms, spares, and aviation fuel, and is correspondingly influencing the combat training and provision for the troops, as well as the state of Russia's aviation industry.

The main indicators of the current state of the Air Force (fleet condition, airfield network condition, and average flying time logged by crew commanders [pilots] over the past few years have dropped markedly.

In this situation the quest for additional, nonbudgetary sources of funding is a real opportunity to ensure the required level of combat capability and to preserve the aviation industry. These opportunities — in accordance with existing legislation — are already being utilized by the Air Force. These include effecting savings, attracting domestic and foreign investment to create aviation equipment and dual-use technologies, implementing and utilizing decommissioned aviation equipment and property, engaging in scientific and technical cooperation, carrying out commercial shipments using Military Transport Aviation aircraft, and other measures.

The first results of this activity have produced tangible results and have graphically demonstrated their great potential. The nonbudgetary funds that have been obtained have made it possible to a certain extent to maintain aviation equipment in good condition and to allocate funds — albeit at very modest levels — for housing.

Despite all our difficulties, I believe that we will succeed in maintaining the Russian Air Force's combat readiness at an adequate level.

Operations in the course of the federal troops' special operation in the Chechen Republic, during which a whole range of missions were carried out, were a serious test of the Russian Air Force's combat capability. The Air Force used precision and other aviation weapons systems solely against military targets. Frontal Aviation combined and other units provided effective air support for ground forces, cooperating closely with Army aircraft. Military Transport Aviation carried personnel and military hardware for the federal troops and flew out the wounded....

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Once again I would like to stress that the Air Force organizational structure that is now in place embodies all the best approaches that we have to offer.

The ideal Air Force organizational structure is based on the principle of centralized command and control by the Air Force commander in chief for the commands (Long-Range, Frontal, and Military Transport Aviation, and the Reserve and Personnel Training Command), and by the commanders of Long-Range Aviation, Frontal Aviation, and Military Transport Aviation for large strategic formations (combined units and separate air units). At a time when the Russian Armed Forces, including the Air Force, are being cut, when there are diverse military threats, and when we are uncertain of the areas where potential military danger could escalate into a military threat, the principle of strict centralization of the command and control of large strategic formations (combined units) is one of the most important conditions for enhancing the effectiveness of the combat operations of aviation combined units (units).

As for the overall concept for the development of the Russian Air Force in the short term (until 2005-2010), in our view it should consist of the following:

The might of the Air Force will be based on an ideal combination of effective aviation equipment, armaments, highly skilled personnel, and systems for basing, provisioning, and the organization of command and control.

The development and production of new aviation equipment and armaments have always been at the center of the Air Force High Command's attention. Under current conditions Air Force military-technical policy is geared to the development of highly efficient and competitive types of aircraft and aviation weaponry, and the achievement of the optimum standardization [kompleksirovaniye] of weapons systems, including the coordinated development of command, control, and logistics systems. In the future only aviation equipment that has successfully come through both state and military testing will enter service. The practice of bringing new models up to their design parameters in the course of in-service operation will end. The overall thrust behind the development of aviation equipment and armaments for all air components will be to cut the number of types operated as a rule to just one or two types in each air component, and to equip combat aircraft with new precision weapons.

On this basis we will have to qualitatively upgrade our aviation groupings by reequipping them with multirole aviation complexes using all-weather precision ordnance.

In bomber aviation all versions of the Tu-22M and the Su-24 will be replaced with a multirole bomber with an expanded combat performance. Fighter-bomber aviation will be equipped with the new Su-27ib fifth-generation combat aircraft, which is currently undergoing flight testing. Intelligence-gathering aviation will receive intelligence-gathering aircraft developed on the basis of this model.

A promising all-weather ground-attack aircraft is also required to replace our ground-attack aircraft. Military Transport Aviation will receive a modern military transport with an enhanced transport and airborne-assault performance.

In the future we can expect the new multirole front-line fighter, which was recently handed over for testing at Zhukovskiy near Moscow to enter service.

A qualitatively new standard of training for Air Force pilots will be achieved when the new trainer enters service. Two types of trainers are currently undergoing comparative tests — a Yak and a MiG.

Naturally, the time required to reequip the Air Force with the aforesaid aircraft types will depend on budgetary and nonbudgetary funding. With the entry into service of new, more effective, and more expensive aviation equipment the size of the Air Force fleet will also fall somewhat.

The prospects for Air Force development are closely bound up with the aviation unit basing and provisioning system. Given the prevailing standard of infrastructure development and the annual cutbacks in expenditure on improving it, one possible way to ensure the effective utilization of aviation would be the planned transition to the base system of aviation support.

The entire logistics system will have to be reformed as well. In particular, the development of aviation engineering support for Air Force operations will move in the direction of introducing a modern aviation equipment operating system that will make it possible to sharply cut labor expenditure, reduce the time taken to prepare aircraft for sorties, and move toward the comprehensive mechanization of the process of preparing ordnance.

The main aim of Air Force Rear Services organizational development is to enhance the autonomy of the troops and their component institutions, and to bring rear-service units' potential into line with the requirements of air regiments and squadrons.

People are the decisive factor in Air Force combat capability. The desire of Air Force personnel to improve their professional training should be comprehensively

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encouraged — primarily by allocating sufficient time and funds to that end.

I personally feel an acute sense of responsibility for pilots who have been deprived of the possibility of flying as much as they need to for training purposes. Our dream is to have justifiable and, above all, feasible norms for flying time. Otherwise it will be impossible to achieve professionalism or to solve the flight-safety problem. Hopefully that dream will come true.

On the eve of Air Fleet Day I want to wholeheartedly congratulate Air Force personnel for having taken an understanding and highly responsible attitude toward the fulfillment of their military duty. Thank you. Thank you for doing the sacred job of preserving the prestige of aviators and for preventing the honor and dignity of defenders of the fatherland from being discredited. This is the best evidence that military aviation has not only a worthy present but great hopes for the future as well.

Lack of Funds Leads to Army Food Shortages

MM2408121595 Moscow KRASNAYA ZVEZDA in Russian 24 Aug 95 p 3

[Report by Vladimir Yermolin: "Is the Finance Ministry Proposing a Forced March of Empty Mess Tins for the Army?"]

[FBIS Translated Text] This week ITAR-TASS disseminated a statement by Russian Chief Military Prosecutor Valentin Panichev, which reads: "Unless we want to get a new 'Russkiy Island,' where not so long ago several seamen died of dystrophy owing to bad supplies, there must be a change in Army funding."

The military jurist turned to the well known agency in order to draw society's attention to the tragic situation of the Armed Forces, whose funding the government is suspending virtually bit by bit, step by step. "Whereas previously," he says, "what was primarily meant by the needs of the Army and Navy was material and technical supplies — the delivery of costly, modern, high-precision hardware and arms — now it means the provision of food and funding." The chief military prosecutor possesses facts attesting that soldiers and seamen in a number of units are being fed on rusks and canned goods from the emergency rations (but in some places the emergency rations have already been used up — they have taken the last crumbs). This despite the fact that hundreds of underweight soldiers come to serve. We can no longer count, as in former times, on a weight gain with the help of kasha from the Army pot.

Officers, ensigns, and warrant officers do not live much better today. They are not paid for several months on end and cannot go away on leave. So that their families do not starve, officers spend their nights unloading cars, work as night cabdrivers, trade in commercial stalls, etc.

KRASNAYA ZVEZDA has been sounding the alarm until it is hoarse, as it were, reporting similar facts in almost every issue. There has been zero reaction from the government and the president. Few people have heard the chief military prosecutor's voice — the majority of publications deemed the information unworthy of space in the newspaper. In just the same way no one noticed our newspaper's recent article stating that the budget funds for food have already been exhausted — the ridiculous amount which the government included in the federal budget for 1995 and which was approved by the State Duma naturally did not withstand its encounter with reality. No, the soldiers' table was not covered with delicacies from the ration of the "new Russians." It is simply that military quartermasters have to pay far more money for basic potatoes and bread than the "Kremlin dreamers" who drew up the budget for the Army could have imagined.

Against the background of soldiers' empty mess tins it is awkward to speak of officers' pay, which is beggarly by any yardsticks and not backed up by cash. Valentin Panichev is pinning hopes on the State Duma, which is to make appropriate changes to the law on the federal budget. Well, first, this will only be when the parliamentarians finally gather for a plenary session; second, they are just as indifferent as the government to the Army's problems; third, even if such amendments are adopted, the Ministry of Finance, as is its wont, will nullify them with its "double-entry bookkeeping."

What is the worth of the concern on the prime minister's brow at the word "Army" if the Army is continuing to this day to instill order in Chechnya at its own expense? Or is his home Russia, while ours, the military's, is the trenches of Chechnya? What is the worth of the president's assurances about instilling order in Army funding, if the matter has already reached the point of rusks from the emergency rations?

Decree on Missile Technology Export Controls

MM2108131895 Moscow ROSSIYSKAYA GAZETA in Russian 18 Aug 95 p 14

["Russian Federation Government Decree on the Russian Federation's Accession to the International Missile Technology Control Regime," No. 737, signed by Russian Federation Government Chairman V. Chernomyrdin in Moscow on 24 July 1995, plus an article by Aleksandr Krasulin summarizing appended documents, under the general heading "Missile Technology Will Not Be a Threat to Peace"]

[FBIS Translated Text]

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Russian Federation Government Decree on the Russian Federation's Accession to the International Missile Technology Control Regime, No. 737, 24 July 1995, Moscow

With a view to formalizing the Russian Federation's membership of the international Missile Technology Control Regime, the Russian Federation Government decrees:

1. That approval be granted to the appended drafts submitted by the Russian Federation Foreign Ministry of the following documents:

— the Russian Federation Foreign Ministry note

— the memorandum

— the guiding principles concerning the transfer of equipment and technologies relating to missiles

— the Russian Federation statement in connection with its continuing cooperation in the missile sphere with other states party to the Commonwealth of Independent States

2. That the Russian Federation Foreign Ministry be instructed to send the documents indicated in Point 1 of the present decree to the states party to the international Missile Technology Control Regime and to complete the formalization of the Russian Federation's membership of that organization, with permission being granted in case of necessity to make amendments and additions not relating to matters of principle to the appended draft documents.

[Signed] Russian Federation Government Chairman V. Chernomyrdin

[Krasulin article] The draft documents enumerated (the drafts of the approved documents are published in summary; the full texts will be printed following their finalization) [ROSSIYSKAYA GAZETA editor's note] contain the provisions of the international Missile Technology Control Regime (MTCR) and also reflect Russia's stance on the question of limiting the proliferation of weapons of mass destruction by means of establishing monitoring of [kontrol za] deliveries of equipment and technologies that could promote the creation of delivery systems for such weapons.

Guiding Principles

These have the aim of limiting the risk of proliferation of weapons of mass destruction by means of establishing monitoring of deliveries of equipment and technologies that could promote the creation of delivery systems for such weapons. At the same time they are not intended to hamper the implementation of national space programs or international cooperation under such programs, provided that their implementation will not promote the creation of delivery system for weapons of mass destruction.

The guiding principles form the basis for monitoring the implementation of deliveries to any recipient to whom the jurisdiction and monitoring of the government of a state party to the MTCR do not extend, of any delivery systems (other than manned flying machines) capable of delivering weapons of mass destruction, and also equipment and technologies relating to missiles whose tactical and technical characteristics exceed the stipulated parameters in terms of payload and range. When questions are being decided relating to any transfer of the equipment and technologies indicated in the appendix to the guiding principles, restraint will be displayed, and all such deliveries will be examined on an individual basis.

The government of a state party to the MTCR will implement the guiding principles in accordance with internal state legislation.

The appendix to the guiding principles stipulates two categories of technical systems deemed to be such equipment and technologies. The greatest concern is aroused by Category 1 technical systems, for which special restraint will be displayed in the examination of questions of their transfer and on which the most probable decision will be the refusal of deliveries. A similar situation will apply in the event that the government of a state party to the MTCR shall deem on the basis of convincing available information that technical systems are intended for the delivery of weapons of mass destruction. Pending new instructions, the transfer of production capacities for the manufacture of Category 1 technical systems will also not be permitted. The transfer of Category 1 technical systems will be sanctioned only in rare instances specifically stipulated in the document. The implication is that the decision on their transfer is the exclusive and sovereign right of the Russian Federation Government.

In the event that the transfer of technical systems could promote the creation of delivery systems for weapons of mass destruction, the government of a state party to the MTCR will sanction the transfer of the technical systems listed in the appendix to the guiding principles only given firm guarantees by the government of the recipient state that the principle of nonproliferation of weapons of mass destruction and missile technology will not be violated.

The Russian Federation Statement

The Statement of the Russian Federation in connection with its continuing cooperation in the missile sphere

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with the other states party to the Commonwealth of Independent States notes, in particular, that Russia, as a partner in the MTCR, will continue the existing practice of cooperation with the CIS countries in such a way as not to disrupt the exportation of technical systems to those states which is taking place with a view to the implementation of Russian missile programs, but also not to promote the development of those countries' national programs under Category 1. In accordance with the MTCR restrictions, it will supply them with technical systems stipulated in the appendix to the guiding principles only on the basis of one-time licenses or other written permission.

The Memorandum

The government signing the memorandum intends to fulfill the guiding principles, which will be applied with regard to the transfer of the technical systems listed in the appendix to any destination outside the jurisdiction and control of the governments of Australia, Austria, Argentina, Belgium, Great Britain, Hungary, the FRG, Greece, Denmark, Spain, Italy, Ireland, Iceland, Canada, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, the United States of America, Finland, France, Switzerland, Sweden, Japan, and Russia (hereinafter the signatory governments).

The guiding principles will be implemented in the light of the government's commitments under international treaties where applicable and within the framework of the convention on the European Space Agency and treaties binding on the European Community. Here the understanding is that the policy in question is not aimed at preventing mutual transfers of technical systems among NATO member states on condition that the governments participating in any specific transfer guarantee that the technical systems being transferred will be used only for those purposes officially declared by them, and also on condition that the technical systems being transferred will be used by the government of the recipient state within the framework of its actions in fulfilling tasks of a defensive nature facing the North Atlantic Treaty Organization.

The decision on the transfer of technical systems is a sovereign decision adopted exclusively by the government of the supplier state.

A signatory government, in making decisions on the transfer of technical systems, shall take into account information on the decisions of other signatory governments and also on the intentions of the government of the recipient state. It shall without delay inform other signatory governments of the decision to refuse the application or to approve the transfer of Category 1 technical systems. Furthermore, the signatory government shall not give approval for the transfer of technical systems without consultations with its MTCR partners.

In the event of the approval of the question of the transfer of technical systems, the signatory government shall notify its MTCR partners of that decision, releasing them from restrictions that arose as a result of the initial refusal if such refusal took place. After three years a government that has decided on a refusal has the opportunity to review its stance and to inform the other signatory governments of its conclusions.

The signatory states undertake not to take advantage of the information thus obtained for commercial purposes, and to ensure its confidentiality.

Each signatory government is responsible for the implementation of the guiding principles, but this should not lead to the creation of organizational structures of any kind for their fulfillment. In due course, in connection with technological changes that have occurred, a review of the guiding principles and the appendix thereto may be carried out on the basis of consensus.

The Russian Federation Foreign Ministry Note

The Russian Federation Government, after examining the objectives and guiding documents of the MTCR and in the light of commitments under international treaties, has adopted the decision that, in examining the question of the transfer of equipment and technologies relating to missiles, it will act in accordance with the guiding principles, the memorandum, and the Russian Federation statement in connection with continuing cooperation in the missile sphere with the CIS. This is stated in the Russian Federation Foreign Ministry Note, which will be sent to all states party to the MTCR.

The note also states that Russia adopts the memorandum as the normative document necessary for the official formalization of its MTCR membership, and emphasizes that the provisions of that document are by and large in accordance with its policy, which is pursued in the context of commitment to the objectives of the MTCR. At the same time the note stipulates that the Russian Government's recognition of the existing practice of cooperation within the framework of the MTCR in accordance with the paragraph of the memorandum relating to mutual transfers of technical systems between the NATO member states, which was signed prior to the Russian Federation's accession to the MTCR and is not applicable to Russia, does not necessarily mean that it agrees with the objectives mentioned in that paragraph.

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Having recognized this, Russia must be endowed with all the rights enjoyed by any of the MTCR participants.

While confirming the intention to fulfill the provisions of the procedures for the approval of the transfer of Category 1 equipment and technologies, the note particularly emphasizes that these provisions cannot apply with regard to the existing practice of cooperation with the CIS countries, which will be exercised by Russia in accordance with the provisions of the Russian Federation Statement set forth above.

Federal Assembly

Duma Deputy Comments on Disarmament of Chechnya

LD2308164995 Moscow INTERFAX in English 1414 GMT 23 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 23 (INTERFAX) — Dzhokhar Dudayev has about 4,000-5,000 armed fighters presently under his command and controls about 15% of Chechnya's territory. State Duma deputy Vladimir Lysenko, a member of the State Duma Committee on Federation and Regional Policy who has returned from Groznyy, presented these figures at the press conference in Moscow Wednesday referring to experts' estimates.

According to him "Chechnya is hanging between peace and war" and the further development of events depends upon whether "the tiredness of eight months of war or hatred from both sides will prevail."

As Lysenko said, dyarchy (two powers) exists in Chechnya now.

Lysenko thinks it is necessary to introduce changes to the plan to disarm the Chechen population.

"General disarmament of Chechens is unreal, only those who have never been to Chechnya can demand this," he declared.

According to Lysenko, the matter can concern only the surrender of heavy military equipment with which Chechen formations are armed. If no corrections are introduced in the disarmament plan, "there will be no peace there," he said.

Lysenko pointed out that one can feel the absence of an authoritative leader in Chechnya "who could coordinate the actions of the federal authorities in the region." As Lysenko said, Arkadiy Volskiy (deputy head of the Russian delegation at the Groznyy talks — IF), General Shatalin or Vyacheslav Mikhaylov (Russia's Nationalities Minister who heads the Russian delegation at the Grozny talks — IF).

Lysenko reported that he is scheduled to meet with Russian President Boris Yeltsin on Thursday, August 24. The officials are supposed to touch upon the issue of the upcoming elections to the State Duma, Russian parliament's lower house, and the crisis in Chechnya.

Lysenko is in favor of Russian units withdrawing from Groznyy so that only detachments of the interior forces and police will be left in Groznyy.

Speaking about the upcoming elections in Chechnya Lysenko said Dzhokhar Dudayev must have an opportunity to take part in them. Lysenko underlined that it is important not to make Dudayev into a martyr.

Duma Criticizes Government's Pension Reform Plan

MK2408050495 Moscow SEGODNYA in Russian 23 Aug 95 p 2

[AFI report: "Duma Committee Criticizes Government Pension System Reform Concept"]

[FBIS Translated Text] The Russian Federation State Duma Committee on Labor and Social Support has criticized the pension system reform concept approved by the government. Committee chairman Sergey Kalashnikov has stated that "the concept is unacceptable in such a form." In his words, one of the main objections against the concept is that it does not mention that social pensions should correspond to the subsistence wage. Besides, social pensions should be paid from the federal budget, rather than from the pension fund as the government concept suggests. Mr. Kalashnikov also stressed that the government concept does not say how insurance premiums paid by each member of the employed population will be tracked, and that it pays too little attention to state regulation of nongovernmental pension funds' activity.

Regional Affairs

Yeltsin To Settle Dispute Between Altay Authorities

MM2408085695 Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 2

[Report by Vyacheslav Salanin under the "Local News" rubric: "President To Be Conciliator"]

[FBIS Translated Text] Barnaul — A directive of President B. Yeltsin has set up a conciliation commission to resolve disagreements between organs of legislative and executive power in Altay Kray.

The commission has been set up at the request of Kray Administration Head Lev Korshunov, who disagreed with a provision of the [kray] charter whereby the

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governor is to be chosen by the deputies of the kray legislative assembly rather than by the entire population of the kray. Lev Korshunov refused to sign the kray charter adopted by the legislative assembly in April of this year. However, the kray charter was again adopted 25 May in the earlier wording by the votes of two-thirds of deputies.

Chernomyrdin Ends Tour of Southern Siberia

LD2308172395 Moscow ITAR-TASS in English 1537 GMT 23 Aug 95

[By Gennadiy Yezhov and Valentin Pavlov]

[FBIS Transcribed Text] BARNAUL, August 23 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin today wound up his three-day tour of Altay territory and the Altay republic with a visit to an experimental farm and a conversation with the republic's leaders.

The Prime Minister visited the Cherginskoye farm attached to the Siberian branch of the Russian Academy of Sciences before meeting Chairman of El Kurultay (State Assembly) Valeriy Chaptynov and Chairman of the Altay republic government Vladimir Petrov.

Earlier, Chernomyrdin visited an enterprise of the AO Barnaultransmash Holding and the experimental farm Komsomolskoye. He met the region's industrial managers, representatives of local authorities, and leaders of its agro-industrial sector.

The Prime Minister announced that the federal government planned to purchase large amounts of grain for the federal food fund in Siberia and, above all, in the Altay territory since Russia's other grain-growing areas were badly hit by the drought this year. With this in mind, the government undertook to ensure sufficient supplies of machinery, equipment, fuel and funding to local farmers.

The Prime Minister focused on supplies to the cities of Rubtsovsk, Barnaul, Slavgorod and Yarovoy prior to the coming winter.

On Wednesday afternoon, the Prime Minister of the Russian Federation left Barnaul for Moscow.

N. Ossetian Premier Dismisses Deputies, Ministers

LD2308171695 Moscow INTERFAX in English 1414 GMT 23 Aug 95

[FBIS Transcribed Text] VLADIKAVKAZ, Aug 23 (INTERFAX) — North Ossetian President Akhsarbek Galazov has dismissed two deputy prime ministers and seven ministers, namely those of industry, construction and architecture, transport, economy, social security, state property and nationalities.

A reason for the dismissal is poor work of the ministries and their non-fulfillment of tasks outlined by the annual presidential message, Galazov told a parliament session Tuesday [22 August].

The President nominated Akim Olisayev, Oleg Bezhayev and Nikolay Shubin deputy prime ministers to be in charge of the republican agricultural complex, the Ministry of Finance and the Ministry of Economy and External Relations.

Galazov nominated Vladimir Gabarayev Minister for State Property. Taimuraz Butayev became Minister of Social Security and Health Care, and Eduard Metsayev is nominated Chairman of the State Committee for Nationalities. Eduard Tokayev is a new Minister of Press and Information.

The Ministries of Industry, Construction and Architecture, and Transport are transformed into departments of the Ministry of Economy and External Relations.

Galazov formed a Presidential Committee for Fiscal Control. The Committee is chaired by Kasbolat Karsanov.

Rossel Pledges Cooperation With Central Government

LD2308145295 Moscow ITAR-TASS in English 1447 GMT 23 Aug 95

[By Nadezhda Potapova]

[FBIS Transcribed Text] YEKATERINBURG, August 23 (ITAR-TASS) — The Sverdlovsk region's newly-elected governor Eduard Rossel pledged to become partners with the Russian government as he met journalists after the ceremony of inauguration on Wednesday.

In an interview with ITAR-TASS, Rossel said he will seek to develop relations of partnership with the federal authorities on the basis of the rights granted to other members of the Russian Federation by the Constitution.

"This week I will take to Moscow several drafts of an agreement on the delimitation of powers and related agreements," he said. "The Fundamental Law has put all members of the Russian Federation on an equal juridical footing," he said, adding that the next step should be to ensure "equality in practice."

He also pledged to "respect and protect human rights, and observe the Constitution of Russia and the Charter of the Sverdlovsk Region."

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Rossel asked the regional legislature to approve the appointment of First Deputy Governor Valery Trushnikov as chairman of the regional government.

He described the gubernatorial elections in the region as "important to Russia" because for the first time a governor was elected by the entire population of the region in the presence of observers from other regions which will now want to conduct similar elections.

He said this has nothing to do with separatism, adding that he just want his region to have "relations of equal partners based on the rights of the members of the Russian Federation laid out in the Constitution."

Rossel, 58, was sacked from his post of regional administrator by Yeltsin two years ago for declaring a self-styled Urals republic and demanding that its rights be the same as those of Russia's autonomous republics.

Since then he has been known as a champion of the redistribution of powers between the centre and regions to give the latter greater freedom and independence. He also advocates the policy of "reasonable regionalism" based on greater economic independence.

The new governor's plan of action is reflected in "nine pledges" which provided the basis for his election programme and brought him the victory. Their essence boils down to the need to ensure a "real equality of the Sverdlovsk region with Russian constituent republics" and create legal and economic guarantees for local self-government.

Rossel "prioritises the production of consumer goods and defence conversion," as well as the funding of education, culture, sports, public health care and science, and food and ecological security of the Sverdlovsk region.

The governor has pledged to continue privatisation "in the interests of the region's population" and provide targeted help to people, primarily the elderly and children.

Attack on Dagestan Leader a 'Political Act'

MM2408094795 Moscow SOVETSKAYA ROSSIYA in Russian 24 Aug 95 p 1

["Own information" report: "Attack on Deputy"]

[FBIS Translated Text] State Duma Deputy Sergey Reshulskiy has been attacked by persons unknown in the entrance to his house in Makhachkala. He was admitted to the resuscitation unit of Makhachkala Hospital with serious injuries. Unit chief Kh. Nutsanova told us by telephone that several wounds had been inflicted on Sergey Nikolayevich with a heavy object, resulting in concussion and numerous injuries. His health is now out of danger.

An investigation is being conducted. We can hardly count on seeing the bandits who attacked the communist deputy detained. Times are not like that today.

Marud Mekhtikhanov, secretary of the Dagestan Republic Committee of the CPRF [Communist Party of the Russian Federation], told the editorial office that Makhachkala's communists, like the majority of the population, regard the attack on Reshulskiy as a political act. Because it was carried out on the very morning that Reshulskiy was going to a plenum of the republic committee at which he was to be nominated as a candidate for the first secretaryship. In addition, the republic's communists are nominating him as their candidate for deputy on the party list in the upcoming elections.

The plenum of the CPRF Republic Committee approved Sergey Reshulskiy as first secretary of the Communist Party of Dagestan. Today, as events show, this post demands considerable courage and risk.

Petersburg 'Democrats' Form Pre-Election Alliance

MM2408090495 Moscow ROSSIYSKIYE VESTI in Russian 23 Aug 95 p 2

[Article by Yuriy Kukanov: "Petersburg Democrats Provide Example of Unity...."]

[FBIS Translated Text] St. Petersburg — "If the Communists return to power this will unquestionably lead to civil war," Mayor of St. Petersburg Anatoliy Sobchak stated when speaking at the constituent conference of the city's branch of the "Russia Is Our Home" election bloc.

Meanwhile the July plenum of the All-Union Communist Party (Bolsheviks) approved the tactic of "actively boycotting the elections." This party's general secretary — Petersburg chemistry teacher Nina Andreyeva — believes that the current Duma is "engendering the harmful illusion that it can do something for the working people." Unlike the superorthodox Bolsheviks, who have proclaimed their unwillingness to participate in the "parliamentary scramble," other neo-communist party structures are trying to grope their way toward an electoral association.

Sociologists are traditionally noting the Marxist-Leninist parties' none too great popularity among inhabitants of the city on the Neva. As of today, incidentally, there are 3,743,000 voters here. For example, according to data from polls of the population Yuriy Sevenard, CPRF [Communist Party of the Russian Federation] candidate in the upcoming 1996 mayoral election, can count on 3.5 percent of the vote.

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The bloc of political forces opposing the Communists is also preoccupied with searching for the path toward consolidation. While on a federal level this subject has seemingly been finally closed, at local level, at any rate in St. Petersburg, people are at least trying to dismantle the barricades. Contrary to the view of Yegor Gaydar, who seems to think that democrats are capable of uniting only five minutes before being executed, people on the Neva decided to do this somewhat earlier. Twenty-three regional organizations of democratically oriented parties have formed the "Raduga [Rainbow]" election bloc. They will enter parliamentary and local elections as a united front, most likely with the exception of "Yabloko." The nomination of party candidates in single-seat districts who are capable of providing serious competition for the Communists, Liberal Democrats, and Agrarians will be coordinated.

The elections will show whether the new alliance's high hopes are justified. The board of trustees for promoting democratic reforms, which has just been organized and which unites local representatives of Russia's Democratic Choice, the Democratic Party, the Social Democratic Party of Russia, the Free Democratic Party of Russia, the Party of Russian Unity and Accord, the Regional Center Party, which is the city branch of "Yabloko," and the "Forward, Russia!" movement, intends to take control of the holding of the elections.

In the first days of fall a remarkable event in the political life of Petersburg is expected — Petersburg's Hyde Park will open on Yelagin Island in the Central Park of Culture and Leisure. It is a purely commercial event: For a certain payment political parties of any orientation will be able to obtain an excellent area for holding their preelection get-togethers — with fetes and entertainers — with constant contact between the people's masses and contenders for a deputy's seat. The idea has aroused the interest of the CPRF and the Party of Russian Statehood. In short, the preelection carousel is gathering momentum every day.

Baburin's Party Contests Omsk Election

MM2308152295 Moscow ROSSIYSKIYE VESTI in Russian 23 Aug 95 p 2

[Report by Vladimir Igolkin: "...But Siberian National Patriots Are Counting on Old Party Cadres"]

[FBIS Translated Text] Omsk — A local commercial television company has submitted for viewers' judgment an extensive interview of nearly half an hour with a man whom virtually all Omsk inhabitants over the age of 30 can remember.

He is Sergey Baburin and he is calling on his fellow countrymen to nominate the well known S. Manyakin as a candidate to the state Duma for one of the single-seat districts. Initially he spoke on oblast radio and then at meetings with voters. A massive campaign rapidly got going. On the same day a camera team from Siberia in an apartment on a quiet alley off the Arab was recording a program which was shown on three occasion in different forms by two private channels. The weekly of the Russian All-National Union SIBIRSKOYE VRMEYA did not stand aloof either.

Who is he, this protege of Baburin's? As the encyclopedic dictionaries used to say, Sergey Iosifovich Manyakin, the Soviet state and party figure, Hero of Socialist Labor, spent 25 years, from 1961 through 1987, heading the oblast party organization and belonged to the CPSU Central Committee. Of course he was a deputy in the Supreme Soviet at the time when they voted only unanimously there.

To outlive four general secretaries and to be able to work with a fifth you must know what you are doing. But it was not that alone which made his personality very much out of the ordinary.

Having taken on, at the recommendation of "party cardinal" Mikhail Suslov, a neglected and backward oblast, the extraordinary organizer was able to build here something like an island of developed socialism. At the same time, like an increasing number of neighboring industrial centers, it survived on ration cards and vouchers. Omsk is a pleasant surprise in terms of the abundance and wide range of dairy products. It is true that the peasant, the direct producer, has not been greatly rewarded at the bazaars, with a powerful barrier between him and the purchaser.

Against the background of the crisis phenomena, in many regions of the Irtysh area they have lived more freely. And in the mass consciousness not without the aid of skillful manipulation of public opinion the "top man" was regarded as almost their own father.

But the oblast leader for many years, on leaving it, left not only a powerful agrarian and industrial complex and science-intensive production facilities but also a pile of long-term construction sites and uncompleted work. The overabundance of oil enterprises, the energy system's link to the Ekibastuz basin with its high-ash coals made the ecological situation nearly catastrophic.

The excessive burden of these problems was bequeathed to the present administration. And however strange it may seem they are being resolved quite successfully even under the conditions of what is not the most favorable economic situation. But human memory is a capricious thing. The good is remembered better than the bad. The recent Omsk mayor Yu. Shoykhet

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tried to play on that one. An anticommunist and big businessman with ambitions to enter the Federation Council, he gave the former oblast committee secretary the title of honored citizen of the city. The populist ploy of the city leader did not produce the desired effect. Having lost the elections the former mayor was relieved of his duty by a presidential edict with the formula "for losing the trust of the population."

Now Baburin has traveled the same path counting on aid from the old nomenklatura and that section of the electorate which is nostalgic for the Soviet past — for loaves costing 13 kopeks and cheap sausage. There is considerable point in counting on these specific age and social groups, which usually go to the polling stations in a disciplined manner. Despite congresses and noisy declarations, Baburin's Russian All-National Union has not taken shape as a political force of any influence and exists more on paper than in reality. This casts doubt not only on whether the 5 percent barrier at the elections will be surmounted but even on whether signatures will be collected to register as an electoral association.

Baburin has hastened to state that his election tactic has confused the most diverse political structures. But this is more wish then reality. The agrarian party movement in the oblast, close to Manyakin in spirit, has already named its candidates, who do not include him. The Communists' attitude toward their opposition ally's maneuvers is varied. A. Kravets, secretary of the Communist Party of the Russian Federation oblast committee and deputy chairman of the city council, hopes that Sergey Iosifovich's worldly wisdom will prevent him from being the subject of political manipulation.

The main event in the region is still in the future. Elections of the governor are not ruled out. Was it not with an eye on these elections that the personal pensioner started to appear on the television and in the newspapers? If that is so then the elections will acquire the nature of a referendum. Voters will have to determine whether to vote for the reforms which oblast administration head Leonid Polezhayev and his team are implementing vigorously and not without success or for a bright past.

Hyundai Chief in Tatarstan To Discuss Cooperation

MK2308145695 Moscow KOMMERSANT-DAILY in Russian 22 Aug 95 p 9

[Unattributed POSTFACTUM Report: "Hyundai Intends To Cooperate With Tatarstan"]

[FBIS Translated Text] Hyundai is promoting cooperation with Tatarstan enterprises, said Chen Gon Kim [name as transliterated], head of the South Korean company's Moscow office, during his visit to Kazan last week. According to him, at present contacts between Hyundai and Tatarstan are limited to purchases of butyl rubber from the Nizhnekamskneftekhim joint-stock company, worth over $20 million annually. The company is ready to organize in Tatarstan the assembly of its own cars and the production of components, as well as the assembly of electronic household appliances and turn-key installation of miniplants for consumer goods production. Hyundai can also offer its services in modernizing petrochemical enterprises. Briefed on investment projects at the Tatarstan Foreign Economic Relations Ministry, Chen Gon Kim paid special attention to projects for the creation of Tatarstan's oil tanker fleet at the Zelenodolskiy plant, the production of storage batteries and color television sets at the Lenin research and production association, and the production of water meters at the "Chistopolskiy Chasovoy Zavod 'Vostok'" production association. In September and October Chen Gon Kim will arrive in Kazan to discuss specific joint projects.

Oblast Agreement on Socio-Economic Problems

954F3127A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 15 Aug 95 p 5

[Agreement: "Agreement Between the Oblast Trade-Unions Council, Employer Associations, and the Irkutsk Oblast Administration on Resolving the Socio-Economic Problems of the Oblast's Population in 1995"]

[FBIS Translated Text] The Oblast Trade-Unions Council, representing the branch trade union organizations and the labor collectives in the oblast; the Union of Industrialists and Entrepreneurs; the Union of Lumbermen; and the Agrarian Union of Irkutsk Oblast, representing the interests of the employers who are members of those associations; and the oblast administration, hereinunder called the Parties, on the basis of RF Law "Collective Contracts and Agreements," have concluded this agreement for 1995 concerning the coordinated actions of the Parties in the basic areas of conducting socio-economic policy and regulating labor relations; the providing of social guarantees and an active policy for the population's employment rate; the reducing of the gap between the cost of life and the population's income; and guaranteeing the motivation of productive labor, the protection of the workers' labor and health on the job, and the ecological safety of the oblast's population. The Parties came to the following agreement:

Article I. In the area of economic policy, the oblast administration is:

1.1. To promote the creation of conditions for attracting investors' funds into the oblast economy.

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1.2. To carry out a regional tax policy that encourages the growth of production and the entrepreneurship of the economically functioning subjects of all forms of ownership.

1.3. To promote the development of small and medium-sized entrepreneurship in accordance with a program that has been approved by the oblast governor.

1.4. To create conditions for developing individually owned farms in the oblast.

1.5. To pay off the indebtedness for 1994 to the agro-industrial complex for the protected item in the expenses of the oblast budget.

1.6. To guarantee the specific use of the budgetary appropriations that have been allocated for the needs of the enterprises in the agro-industrial complex and individually owned farms for 1995.

1.7. To guarantee to agricultural enterprises the payment of advances from the oblast budget in the amount of 58 percent of the value of the vegetable-husbandry output that has been contracted for and subsidies of animal-husbandry output.

1.8. To promote the preservation in 1995 of the preferential tariffs on electrical energy and thermal energy for the agroindustrial complex in conformity with the existing normative documents on pricing.

1.9. To guarantee the shipping in, from outside the confines of the oblast, of agricultural and other food products that are in short supply for consumption by the oblast's population.

1.10. To develop food-products markets and to maintain price parity, to establish a normative correlation between the value of purchased raw materials and the value of the finished output made from them, as well as the maximum amount of trade increases on the prices of the output to be delivered to the regional fund.

1.11. To monitor, in conformity with the legislation, the observance of the prices (tariffs) for output, goods and services, and supply-and-sales (middleman) markups, and the trade increases by oblast enterprises of all forms of ownership.

1.12. To inquire of the RF Government concerning the introduction of a differentiated railroad tariff for shipping freight from remote rayons of the country.

1.13. In order to provide agriculture, including lumber camps, settlements, with food products and commodities in mass demand, to promote the creation of a branch trade system; to conclude for 1995-1996 an agreement between the oblast administration and the oblast union of consumer societies. Employers are:

1.14. To guarantee a level of production in physical volumes no lower than the 1994 level.

1.15. To take steps to reduce nonpayments.

1.16. In the collective contracts of enterprises, institutions, and organizations, to define the total amount of funds and the steps to train and retrain personnel and to raise the workers' proficiency level. The trade unions are:

1.17. To promote the development and concluding at enterprises and organizations of collective contracts and agreements, and to defend and protect the labor interests of the members of the trade unions, and the rights and benefits of the labor collectives.

1.18. To render assistance to the oblast administration and employers in preventing and settling any labor conflicts that may arise.

Article II. In the area of income and the public's standard of living, the oblast administration is:

2.1. To carry out oblast monitoring of the social and labor sphere.

2.2. To preserve the tendency that had formed in the oblast in 1994 in increasing the workers' real income.

2.3. In contracts with the administrators of official enterprises, to stipulate their material and administrative responsibility for tardiness in paying wages to the workers. The Parties in the social partnership are:

2.4. To make recommendations to the RF Government:

— concerning the increasing of the size of the norm-regulated amount of expenses for payment of the labor of workers at enterprises and organizations by the amount of increases based on hazardous working conditions;

— concerning the reserving of 50 percent of the funds received at the enterprises' settlement accounts, for the purpose of paying wages to workers and to meet urgent needs; when determining the maximum size of the norm-regulated amount of the expenses for payment of the labor, to proceed from tariff rate of Category I (minimum amount of payment of labor) that has been defined by a branch tariff agreement. Employers and trade unions are:

2.5. In the collective contracts of enterprises, institutions, and organizations, to stipulate the employers' pledges to guarantee the first-priority nature of the payment of wages to the workers before any other payments. Employers are:

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2.6. To carry out the payment of wages in accordance with Article 96 of RSFSR KZOT [Labor Code] and by the deadlines established by the collective contracts.

2.7. For hired workers performing work at the corresponding level of professional qualification, to accept as the minimum amount of the payment of labor that amount that has been established by branch tariff agreements.

2.8. In collective contracts, to stipulate the gradual increase in the workers' income, and the reduction of the gap between the size of the minimum wage and the minimum size of the payment of labor to 50 percent during 1995.

2.9. To carry out the coordination with the appropriate elected trade-union agencies of changes in the systems for paying labor and the forms of material incentive. The trade unions are:

2.10. When concluding collective contracts, to define the responsibility borne by the employers for guaranteeing the prompt payment of wages and for observing the workers' labor rights.

2.11. Not to overlook a single instance of violation of the workers' legal rights in the area of payment and their working conditions. In the event of delay in the paying of wages to the workers, to require the employers to prepare and to execute unconditionally a schedule for paying off the indebtedness, and to use the right granted by Edict of the RF President to inform the legal agencies of instances of tardiness in the payment of wages or the violation of the workers' labor rights.

Article III. In the sphere of the development of the labor market and the promotion of the employment rate the Parties in the social partnership are:

3.1. To guarantee the fulfillment of the programs for the employment rate of the oblast's population for 1995.

3.2. To consider as socially admissible an unemployment level in the oblast that does not exceed 5.2 percent. In the event that that level is exceeded, to develop specific joint actions to overcome the complicated situation in the labor market in conformity with the procedure that is in effect on the territory of the oblast.

3.3. Jointly with the oblast employment center, to study the question of extending the time limit for returning payment for the use of financial assistance to two years.

3.4. To review at a session of the oblast trilateral commission for regulating social and labor relations the rate of fulfillment of the oblast program for promoting the employment rate of the population during the first half of 1995.

3.5. To analyze monthly the situation in the labor market and to throw light upon it in the local press. Employers are:

3.6. To observe the quotas established for the enterprise for giving jobs to young people, disabled individuals, women who are caretakers for children of preschool age, and disabled children, as well as other categories of socially unprotected citizens.

3.7. To compensate completely the expenditures by the territorial services for the employment of the population for the creation of special jobs and for vocational training for workers who have contracted occupational diseases or have become disabled at the particular production entity. Trade unions and employers are:

3.8. In the collective contracts of enterprises, institutions, and organizations,

— to stipulate guarantees for the workers that are additional to those stipulated by the legislation that is in effect, on the basis of their employment rate, including those for individuals of pre-pension age (three years before the assigning of a pension), for individuals in whose families one of the spouses is an unemployed individual, and for single parents;

— to carry out measures to retrain workers or to give them refresher training;

— to define the procedure and conditions for rendering material and other assistance to citizens who have terminated their labor relations with an employer (other than dismissal for culpablereasons) and who have lost the right to receive unemployment payments because of the expiration of the period for paying them that has been established by legislation. Trade unions are:

3.9. To render free consultation and legal assistance to trade-union organizations and trade-union members with regard to questions of employment.

3.10. To monitor the observance by the employers of the guarantees to assure the employment rate of workers that have been established by a collective contract or by branch or special agreements, using the powers that have been granted by legislation that is in effect, and to strive to see that their observance is guaranteed.

Article IV. In the sphere of protection of labor and ecological safety The oblast administration is:

4.1. To develop a program to protect and improve the working conditions in Irkutsk Oblast in 1996-1997.

4.2. To prepare a draft of oblast Law "Nonbudgetary Fund For the Payment of Labor."

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4.3. To guarantee the providing of regular information to the population concerning the ecological and radiation situation in the oblasts and the steps being taken to improve it.

4.4. To promote the fulfillment of the national plan for actions to protect the environment in the oblast.

4.5. To extend the work of improving the system of ecological monitoring and ecological certification. Employers are:

4.6. In collective contracts:

— to stipulate social guarantees and benefits to the workers that are additional to those stipulated by the legislation that is in effect, in the event of their contracting of an occupational disease or their loss of able-bodied capability as a consequence of the execution of their labor duties, as well as for the families of workers who have died on the job;

— to develop a program of measures to protect labor and to assure ecological safety at the enterprises. Trade unions are:

4.7. To carry out public monitoring of the use of the rules and norms pertaining to the protection of labor.

4.8. To take steps to assure the observance of the guarantees and benefits of workers who have suffered from accidents on the job or have contracted an occupational disease, as well as the members of their families, which guarantees and benefits have been established by legislation that is in effect or by a collective contract.

Article V. In the area of the social protection of the population the oblast administration is:

5.1. To adjust the basic directions in the social support of the oblast's population for 1995.

5.2. To publish every quarter the size of the living wage.

5.3. To resolve the question in the RF Government:

— of allocating appropriations to guarantee the shipping in of freight into the rayons of the Far North with a limited navigation season;

— of allocating funds from the federal budget for the construction of housing for persons who are leaving the northern rayons.

5.4. To stipulate in the 1995 oblast budget the expenses to pay off the indebtedness for paying grants in aid and compensations for children in conformity with the legislation that is in effect. To recommend similar measures to the mayors (administration heads) of cities and rayons.

5.5. To recommend to the city rayon administrations the preservation of the benefits and compensations for maintaining the children of workers in the budgetary sphere in preschool and educational institutions.

5.6. To prepare a draft of the oblast Law "Development of Education in the Oblast." The Parties in the social partnership are:

5.7. To provide citizens who are on record as requiring the improvement of their housing conditions with housing in conformity with the housing legislation that is in effect.

5.8. To create an oblast nonbudgetary housing-construction fund.

5.9. To continue the work of preserving objects in the social and cultural sphere and of transferring them from the balance sheet of enterprises to the jurisdiction of the city and rayon administrations.

5.10. To monitor the preservation of the area of specialization in the operation of privatized enterprises of trade, public nutrition, and personal services.

5.11. To guarantee the organizing of the recreation and recuperation of children and adolescents during school vacations, including on a gratis basis for children with developmental problems, orphan children, children who are in foster homes, and children from families with a large number of children. Employers are:

5.12. In collective contracts to stipulate:

— the preservation for workers in privatized enterprises of the social guarantees established by branch tariff agreements;

— the deduction of monetary means for payment to the trade-union committees in an amount of no less than 0.15 percent of the payment of labor for organizing carrying out mass cultural and physical-culture work;

— the allocation of funds to maintain the social sphere (of the city or rayon), subsidies for nutrition, the acquisition of housing, additional payments for children's preschool institutions for workers, as well as ritual services;

— the preservation and improvement of workers' nutrition. The trade unions are:

5.13. To strive, by means of collective contracts, to preserve at the privatized enterprises the benefits and social guarantees for the workers which were established prior to privatization.

5.14. To define the measures to preserve and improve workers' nutrition at the enterprises.

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5.15. To introduce at the oblast Legislative Assembly a recommendation to abolish the following taxes that were established by it: the tax for the needs of educational institutions and the transportation tax payable by trade-union organizations; and to establish preferential tariffs for heat, electric energy, and utilities for sports structures, the Palace of Culture of Trade Unions, medical-sanitation and resort institutions, children's recuperation camps, oblast higher educational institutions, and enterprises that employ the labor of disabled individuals.

Article VI. In the sphere of development of the system of social partnership, the Parties in the social partnership are:

6.1. To continue the practice of making decisions dealing with questions of social and labor relations after their preliminary discussion at a session of the oblast trilateral commission on regulating social and labor relations.

To recommend to the city rayon administrations the extension of a similar practice on their territories.

6.2. To deem it to be necessary:

— to regulate the labor relations at enterprises, irrespective of their organizational-legal form or type of activity, in addition to the individual labor contract by a collective contract;

— to carry out promptly the informational registration of the collective contracts and special agreements at agencies involved with labor;

— to observe the rights and guarantees of trade-union activity, to guarantee the conditions for the legal activity of trade unions and their elected agencies, and not to hinder the functioning of the trade unions at enterprises, irrespective of their organizational-legal form or type of ownership;

— to preserve the existing procedure for maintaining the trade-union fees in noncash form with the written consent of the members of the appropriate trade union on the basis of collective contracts and agreements, and to transfer the trade-union fees promptly to the elected trade-union agencies.

Article VII. Actions of the oblast trilateral agreement, guaranteeing the monitoring of the rate of is fulfillment, and the responsibility borne by the Parties

7.1. This agreement goes into effect at the moment of its signing by the Parties in the social partnership and is in effect until the concluding of a new agreement.

7.2. The Parties have agreed to publish the agreement in the VOSTOCHNO-SIBERSKAYA PRAVDA newspaper, and to make its contents known to all the enterprises, institutions, and organizations on behalf of which it was signed.

7.3. The Parties, in conformity with legislation of the Russian Federation, bear the responsibility for any refusal to participate in negotiations, for nonfulfillment or the improper fulfillment of the obligations that are imposed on them by this agreement.

In the event of nonfulfillment of the obligations for reasons that are deemed by the Parties to be valid, the Parties take additional coordinated steps to guarantee the fulfillment of the obligations.

7.4. Monitoring of the rate of fulfillment of the agreement is carried out in conformity with RF Law "Collective Contracts and Agreements" and the statutes governing the oblast trilateral commission for regulating social and labor relations.

The population is informed about the rate of its fulfillment by way of the mass media.

7.5. Within one month after the signing of the trilateral agreement, each of the Parties is to develop a series of measures necessary to implement the obligations that have been assumed, and to submit it to the secretariat of the oblast trilateral commission on regulating social and labor relations.

7.6. In development of the trilateral agreement, it is possible to develop appendices and protocols that make it more concrete and that are an inseparable part of the agreement after acceptance by the oblast trilateral commission on regulating social and labor relations.

7.7. Amendments and additions to the oblast trilateral agreement are made by mutual consent of the Parties in the procedure established by legislation that is in effect.

7.8. All the statutes and conditions in this agreement are guaranteed by the Parties participating in the signing of it in a mandatory procedure, unless otherwise stipulated in the appendices and protocols that are included in the agreement as an inseparable part of it.

This agreement was signed by the following:

From the oblast administration: V. Yakovenko, first deputy oblast administration head;

From the oblast trade-union associations: M. Khorolskiy, chairman of the Oblast Trade-Union Council;

From the associations of employers: F. Seredyuk, president of the Oblast Union of Industrialists and Employers;

A. Tsekalo, president of the Oblast Union of Lumbermen;

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A. Peretolchin, chairman of the Agrarian Union of Irkutsk Oblast.

Economic Issues

Central Bank Bribery Case Goes to Trial

MM2308150195 Moscow IZVESTIYA in Russian 23 Aug 95 p 1

[Report by Igor Korolkov: "Central Bank Bribes Case Goes to Court"]

[FBIS Translated Text] In the article "From Neglinnaya to Lefortovo" published last February, IZVESTIYA reported the results of the investigation into the criminal case against the leadership of the Central Bank of Russia Central Operations Administration. According to the investigation, in return for bribes high-ranking officials in 1992 paid out large amounts in cash from Central Operations Administration cash offices, issued loans, and opened current accounts in breach of the law. The bribes took the form of cars, jewelry, expensive consumer durables, and money.

A few days ago the accused completed their study of the investigation case file, and the case has gone to court.

The Russian MVD [Ministry of Internal Affairs] has briefed the government and the State Duma on the results of the investigation. T. Paramonova, acting chairman of the Central Bank of Russia, has submitted an official report on the eradication of the causes and conditions which helped to bring the crimes about. What were those causes, in the ministry's opinion?

There is still no statute on the Central Operations Administration, and the functional duties of its staffers have not been defined.

The Law on the Bank of Russia prohibits the Central Operations Administration from opening and servicing accounts for commercial enterprises, and yet the Administration continues to service commercial structures.

The MVD report states that the actions of Central Operations Administration Chief Ravil Sitdikov and his deputies included a whole raft of violations of banking legislation and departmental instructions. The conclusions of the investigation have been confirmed by a departmental audit. The order on the Central Bank notes that the Central Operations Administration leadership deserves a "serious disciplinary reprimand, up to and including dismissal." I would note — irrespective of the outcome of the trial. But the Central Bank is in no hurry to change the nameplate on the door of the Central Operations Administration boss, who is awaiting trial in Lefortovo. Possibly because his brother Rinat Setdikov is acting deputy chairman of the Central Bank, and, in the MVD's view, protected his brother and gave him illegal permission to open accounts for commercial enterprises at the Operations Administration. Thus, accounts for the "InterIntellekt" Joint Venture, the "Universal" MRSP [expansion unknown], and the "Sodeystviye-1" Limited Partnership were opened at the Central Operations Administration. In breach of the presidential edict "On the Struggle Against Corruption in the State Service System," Rinat Setdikov became a member of the "InterIntellekt" Board. At his brother's request Ravil Sitdikov, forging an official document [sovershiv dolzhnostnoy podlog], allocated a preferential centralized credit to this enterprise, deliberately using an artificially low interest rate.

The other enterprises on the list made free gifts of plots of land to Ravil Sitdikov and his deputies.

With the help of Rinat Setdikov, who signed an application on behalf of another Central Bank deputy chairman, Ravil Sitdikov and his colleagues acquired five "Moskvich" cars from a commercial firm. Each car was sold for 14,000 rubles [R], at a time when the factory-gate price was R92,000.

The MVD believes that the deal damaged the prestige of the Central Bank of Russia and, in conjunction with the other circumstances outlined, demonstrates the unfavorable state of cadre work among the Central Bank leadership at various levels.

Central Bank's Handling of Exchange Rate Lauded

MM2308132095 Moscow ROSSIYSKIYE VESTI in Russian 22 Aug 95 p 3

[Article by Aleksandr Velichenkov, economic expert at the Russian Federation Government Center for Economic Reforms: "The New Russian Sport: Ruble Tug-of-War" — first paragraph is introduction]

[FBIS Translated Excerpt] In the maelstrom of events taking place in the state and society, many people are inclined to look for traces of some kind of conspiracy and to associate them with the names (and intentions) of individuals. But the secret lies elsewhere, in the interaction of the equivalent interests of various groups of people. There is no conspiracy, there is no collusion, but there is a struggle. It is expressed, for instance, in the ruble rate (or the dollar rate, whichever point of reference you prefer). At the request of the editorial office, Aleksandr Velichenkov, economic expert at the Russian Federation Government Center for Economic Reforms, attempted to track what lies behind the changes in the rate. [passage omitted]

In the second quarter of this year the ruble's pressure on the dollar reached such force that on some days

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turnover at the Moscow Interbank Currency Exchange has reached $500 million, of which the Central Bank has to buy 300-400 million. If you remember that the Central Bank began the year with only a billion dollars in currency reserves instead of the customary reserves of 3-5 billion, which had trickled away in supporting the ruble after "Black Tuesday," whereas now the Central Bank's reserves can confidently be estimated at $8-10 billion, it is easy to grasp the full magnitude of the "dollar flood."

There was no possibility of reducing this supply by using the noncash funds available to the Central Bank (25-30 trillion rubles [R]), hence the launch of the reduction of the dollar rate, by now amounting to 10 percent — the launch of noncash emission, which in economists' jargon is often called budget emission. At that moment the Central Bank was on the edge of the abyss. Apart from noncash funds, there was also $15-20 billion in cash held by the population. And the money supply is a very important factor on the currency market; its stabilization in absolute terms was the cause of the end of dollarization. This supply was two and a half to three times greater than the volume of cash in rubles. There was, naturally, no way to buy this up. If this supply were to come pouring into the moneychangers' windows, street panic would be inevitable. The patience of dollar holders is not unlimited — how long can exchange-rate losses be tolerated? In one region of Russia — Kaliningrad — the panic has already begun, because that oblast is very firmly "attached" to the world market.

Round Four. Exporters Satisfied, Importers Surviving

And at that moment the Central Bank made an extremely risky and quite unexpected move — by way of telegram No. 5090, at the end of June, the commercial banks were instructed to sell the maximum possible quantity of cash rubles to the Central Bank and its payment centers. If the dollar rate were to take another "dive" at that moment and a street panic were to begin, with a rush to sell dollars, there would be no cash rubles in the banks even to absorb the first wave. Such a situation is absolutely senseless from the viewpoint of economic logic. But soon everything was back on track. A "currency band" was announced for fluctuations in the rate through 1 October. The meaning of the "band" is simple — the Central Bank pledges to buy the entire supply of foreign currency at a rate of not less than R4,300 if it is not bought by the market; the Central Bank pledges to sell an unlimited quantity of currency at a rate of 1:4,900 if that demand does not cover the market supply.

All the talk to the effect that the "band" is "too wide" and gives nobody anything in the way of guidelines must be rejected as unprofessional. The "band" is a way of saying to everyone — individuals, banks, enterprises: If you have withstood a 10-percent fall in the rate, just hold on a bit longer, most likely the rate will not fall any more, don't rush to the cash windows with your dollars. Exporters, continue your operations in peace, substantial losses through the difference in rates no longer lie in store for you. Importers, don't push prices up, don't gamble on a collapse of the ruble, it won't happen, you will complete your two- to three-month turnover cycle in peace.

If all of us, all the market players, accept the proposed rules of the game, then we will all gain by it, by insuring ourselves against unforeseen losses.

Forecast

Now it is time to get to the bottom of telegram No. 5090. Under the conditions of the declared "band," Russian currency speculators have only one option — to gamble on a rise in the dollar rate. It is pointless to gamble on a fall, since the Central Bank will buy up all they sell. It will have enough emission rubles for this, but will it have enough dollars if you gamble on a rise? In terms of noncash turnover on the Moscow Interbank Currency Exchange it will have enough, there is no doubt about that. It will have enough even if the exporters stop selling anything. But what if the cash market comes into the process too? What will happen if people rush to the cash windows to buy up dollars? Once again the "currency pump" will come into action, and that cannot be tolerated. But how could such a situation arise on the market? It could only happen if a group, even a small group, of banks start buying dollars on the cash market, with a large stock of rubles in reserve.

It is no secret that banks keep a careful eye on each other. The others might decide that those that have begun buying know something that they don't know, and follow suit.

The speculative boosting of the cash rate would have an immediate impact on the Moscow Interbank Currency Exchange, since the market for the cash dollar would widen; people would rush to the windows to buy currency before it rose even higher, and speculative demand would "snowball," with currency being bought not for actual circulation, but for subsequent resale.

The Central Bank forestalled this maneuver before it had even entered the bankers' heads. By gathering in the ruble supply, it clipped the wings of those who would potentially undermine the cash rate.

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The "Currency Pump" Is Halted for the Time Being. What About Inflation?

It only remains to applaud the entire Central Bank and its foreign transactions department in particular. The Central Bank emerged from perhaps the most complex situation in its history, which it had encountered for the first time on such a major scale, by using very subtle mechanisms of currency and financial regulation. But how far the restraining power of its decisions has outwitted the appetites and backstage potential of the opposing financial parties is not possible to say until after the term set for the "band" expires. In October. Exactly a year after "Black Tuesday."

Economic Decline Not Yet 'Bottomed Out'

MM2408094195 Moscow IZVESTIYA (Financial Section) in Russian 22 Aug 95 p 2

[Article by Viktor Kuryerov: "Economic Crisis Not Yet Bottomed Out"]

[FBIS Translated Text] The decline in the economy in the first half of this year was noticeably less sharp than in January-June 1994. But the new equilibrium that would steady the economy and at least cause the decline to bottom out has not yet materialized, as indicated in particular by the continuing deterioration of a number of very important parameters.

The positive advances that have occurred — the rate of decline in GDP fell from 17 percent in the first half of last year to 4 percent in the first six months of 1995 and the rate of decline of industrial production from 24 percent to 3 percent — do not have deep and strong roots as yet. This is indicated in particular by the continuing high rate of decline in consumer goods production: Although it more than halved — from 29 to 13 percent — compared with 1994, it was higher than in 1993. The decline in output was particularly sharp in light industry — 38 percent; in another consumer sector — food — the decline was 10 percent. Timber, wood processing, and pulp and paper industry production fell by 10 percent. The destruction of much high-technology production continued: For example, production of machine tools with digital program control again more than halved.

External demand cannot really provide an adequate — in terms of scale and reliability — basis for the revival of industrial growth in Russia. Markets for the products of the basic sectors have now basically been divided up and are under the control of major Western corporations and governments.

Chronic overproduction has for a long time been typical of the world ferrous metals market. The significant expansion of supplies of ferrous metals from Russia, which enabled ferrous metallurgy, 50 percent of whose products are sold abroad, to become the industrial growth "leader" in our country in 1995, will encounter major obstacles in the future. The first symptoms of this are already evident: At the beginning of the year the European Coal and Steel Community [ECSC] demanded that Russia limit supplies of articles made from steel to Europe and the Russian authorities were compelled to agree to this.

Western competitors are also keeping a wary eye on the expansion of supplies of Russian nonferrous metals and chemical goods: Their exporters have lately been accused of dumping.

The prospects for the expansion of sales of Russian gas to European countries (plans are being discussed in Europe for a partial reorientation of gas consumption to domestic sources — deposits in Norway and the North Sea) are far from bright. There have been many indications of instability in the oil market as well.

The machinery and equipment market is the most promising from the viewpoint of finding its own niche and expanding sales. But in the foreseeable future it is inaccessible to Russian enterprises because of their technical backwardness, which has gotten worse during the reform years.

Consumer demand decreased in the first six months, after an interval of two years. The volume of retail trade turnover (both turnover of trade enterprises and turnover of markets — articles, food, mixed) fell by 8 percent — primarily as a result of a 7 percent reduction in people's real disposable incomes (in the first half of 1994 this indicator rose by 12 percent) and increasing differentiation of incomes. In January-June 1995, according to official data, the share of the best-off 20 percent of the population rose to 47.1 percent, whereas the share of the worst-off 20 percent of the population fell to 5.4 percent. The average per capita monetary incomes of 30 percent of the population were below the subsistence wage, which specialists from the Information and Social Technologies Center at the Economics Ministry regard as the threshold of "absolute poverty."

Given such a high degree of material inequality, if you want to boost consumer demand you need not only to increase the population's average incomes, but also specifically to increase the well-being of the lower strata.

Investment demand remains a very weak link in the entire reproduction process. The total volume of capital investments fell in the first six months by 18 percent

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compared with 28 percent a year ago and was only around 27-28 percent of the 1990 level. The decline in capital investments in production was even greater — 24 percent. The only thing that gives some hope of being able to boost production is the situation in the housing construction sphere, which has markedly improved this year chiefly through the expansion of the construction of private houses.

The results of surveys of industrial enterprises also indicate that there has been no radical change in the general economic situation and things are unlikely to change significantly for the better in the second half of the year. In the year as a whole the level of industrial production in Russia is evidently going to fall by 3 to 5 percent compared with 1994.

It is important to stress that the end of the decline, even if it occurs in the very near future, is still no guarantee of automatic renewed growth, which is what government analysts seem to be expecting. The most probable scenario for the future development of events (in the next few years) is that the economy will pass into the state that is commonly known as stagnation.

One serious obstacle in the way of renewed economic growth is spiraling costs. Inflation in this sphere is now an established and clearly a dominant feature in Russia today. Throughout the first six months, increases in prices of material and technical resources being acquired by industrial enterprises considerably outstripped rises in wholesale prices for finished products. The former rose during the six months by 144 percent, the latter by 106 percent. Inflation processes were given a very substantial boost by energy resources: The rise in prices of thermal energy acquired by industrial enterprises was 166 percent; fuel — 154 percent; electricity — 132 percent.

But it is known that "cost" inflation (unlike "demand" inflation) causes the unit cost of output to rise and the volume of output to fall. Admittedly, in a developed market economy inflation of this type creates conditions that enable it to beat itself, whereas in the transitional Russian economy this mechanism barely comes into play.

If you disregard this feature of inflationary processes in Russia you are pretty much bound to have an ineffective state anti-inflation policy, almost totally geared to the limiting of demand, that is, monetary methods. This year the government has tried to conduct an anti-inflation course consistently and rigidly, bringing into play a wide range of instruments of credit and monetary policy, but it was unable to achieve its own targets for lowering inflation — average inflation was approximately the same as it was a year ago (around 10 percent per month). The use of methods of artificially compressing the inflationary spiral leads to the formation of delayed inflation, which may be a source of additional financial and monetary pressure and contribute to an acceleration of price rises in the very near future. It is entirely possible that the rate of inflation will rise to 8-9 percent per month by the end of the year.

The anti-inflation policy methods used by the government are unsatisfactory from the viewpoint of reviving business activity in the country. The expansion of the means of influencing inflationary processes, taking into account the "cost" factor, might not only make the battle against rising prices more successful, but also enable the authorities to somewhat relax the restrictive [restruktivnyye] monetary measures, thus boosting production.

The experience which has been built up over the reform years and which has been significantly added to this year definitely points to the need to expand both the tasks and the means of state economic policy by enriching it with structural and institutional elements, which may also mean intensifying the mechanism of state regulation of the economy. Although they declared some years ago their willingness to conduct an active structural policy, the Russian authorities have not actually gotten around to it yet.

The creation of a long-term, comprehensive program for the state regulation of agriculture, predominantly protection-based and with a firm legislative foundation, must finally be established as a major priority of state policy. Throughout the civilized world agriculture has extensive and generous support from the state, including agrarian protectionism measures. This support must include measures to stabilize prices and incomes, develop the production and marketing infrastructure, promote technological progress in the agrarian sector, and also protect it against the destructive effect of foreign competition.

Action Urged on Kazakh-Japanese Ferroalloy Monopoly

MK2308143295 Moscow SEGODNYA in Russian 22 Aug 95 p 1

[Report by Yevgeniy Spiridonov: "The Kazakh-Japanese Alliance Leaves Russian Metal Producers Out of Business"]

[FBIS Translated Text] In spite of the fact that on 10 May 1995 the Russian State Committee for Metallurgy and the Kazakhstan Ministry of Industry and Commerce approved this year's volumes of chromium ore deliveries from the Don ore enrichment plant to Russian ferroalloy plants in the amount of 1.02 million tonnes, in

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the first seven months of 1995 the Don plant supplied a mere 366,000 tonnes.

As noted at a board meeting of the Russian State Metallurgy Committee, the uncertain situation with chromium ore at the Don plant has resulted from the creation in Kazakhstan in June 1994 of a multinational company, Kazkhrom, comprised of the Don enrichment plant and the Aktyubinsk and Yermakovsk ferroalloy plants and the transfer of these enterprises under the administration of the Japanese JCC mining company for a term of five years. The company has suspended implementation of the chromium ore delivery contracts with Russia.

According to Serafim Afonin, Russian State Metallurgy Committee chairman, the outlook for this market is as follows: The JCC will cease to supply chromium ore from the Don plant to Russia altogether; domestic chromium ore processors in Serov and Chelyabinsk will be left out of business, and the JCC will dictate prices for alloying materials on the world market.

Russian plant directors are urging the government to take decisive action against the monopolist. To produce ferroalloys, Kazakhstan only has ore. Energy, transport, coke, refractory materials, electrodes, and timber for mine props — all this is supplied by the Russian side without any special conditions under an intergovernmental clearing agreement with Kazakhstan. Therefore the question is being raised in a point-blank manner: "Give Russia its due, or else we will also set additional conditions."

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International Affairs

Contingent of 'Blue Berets' Withdraws From Gorazde

LD2408094495 Moscow ITAR-TASS World Service in Russian 0909 GMT 24 Aug 95

[FBIS Translated Excerpt] Belgrade, 24 Aug — The contingent of Ukrainian "blue berets" today left the Muslim enclave of Gorazde in eastern Bosnia. Over 70 officers and men serving at observation posts in this town with a population of 60,000 crossed the Bosnian border on their way to Belgrade. The British contingent of 180 "blue berets" will be following the Ukrainians out of Gorazde in the next few days. [passage omitted]

Kuchma Deplores 'Idiosyncrasies' Over Fleet

MM2308160395 Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 7

[Interview with President Leonid Kuchma by Olga Vavilova; date, place not given: "The Sevastopol Waltz: Haven't There Been Too Many Pauses?"]

[FBIS Translated Text] [Vavilova] Leonid Danylovych, what stage has the work on drafting the treaty with Russia reached and what, in your view, is the main obstacle on the path to its signing?

[Kuchma] As of today, two drafts have been prepared at the level of working groups. A third draft has been drawn up by our side and will be submitted soon.

But in general work on the treaty is proceeding with difficulty, because a political decision was adopted in Sochi. That decision is very correct and necessary, but now the purely technical aspects must be realized: what, where, when. That is always a tricky process, because it includes questions of ownership and territory, and there are certain limits that must not be overstepped in resolving these questions: It is necessary to abide by the laws and the Constitution.

[Vavilova] Accords have been reached on the division of the Black Sea Fleet, but they remain unrealized. Are the reasons for this situation of a political, strategic, or purely mechanical nature?

[Kuchma] I have always said that the final resolution of this question requires political will on the part of the two leaders — Boris Yeltsin and Leonid Kuchma. Without that, we will never get anywhere. I understand the complexity of Russia's position in connection with the forthcoming events, and therefore we are in no hurry, we are waiting.

It was, however, clearly determined in Sochi how to divide the Black Sea Fleet. We reached a firm agreement with Yeltsin: The basing of the Black Sea Fleet on Ukrainian territory can only be on rental terms. The Black Sea Fleet currently occupies 56,000 hectares of Crimean land. Just calculate how much that is worth. The lease payment alone would amount to several times the Crimean budget. They don't give us oil or gas for free. Why should we give them everything free? They say Ukraine contributes nothing to the Black Sea Fleet, but after all, we maintain the entire infrastructure. Some 120,000 Russian seamen's families live in Sevastopol alone. Yet the Black Sea Fleet is only theoretically a joint fleet, in practice it is purely Russian.

Incidentally, the celebration of Navy Day showed clearly and distinctly who is boss in Sevastopol. The local authorities, including the Crimean authorities, had to take a back seat at the festivities.

So in this situation, when we have more or less reached agreement with Russia, these "idiosyncrasies" on the part of the Black Sea Fleet leadership, apart from exacerbating relations between Russian and Ukraine, can do no good.

We must sit at the conference table and resolve all the issues in the interests of both Ukraine and Russia. In our mutual interests, not at one side's expense.

[Vavilova] At one time your relations with the Ukrainian Supreme Council had become rather strained. Have things changed now?

[Kuchma] Let me put it like this: The sky ahead is not cloudless. I think it is a temporary truce pending the adoption of the new Constitution. There is to be a Fundamental Law which will dot all the "i's." Although the constitutional treaty did resolve many problems in mutual relations, and, most important, provided a basis and guidelines for the precise delimitation of state power.

When the Supreme Council is structured as it is in Russia, everything will depend on the elections: A party or bloc will come to power and it will form its government by agreement with its president. But if there is chaos again, with everything being decided by the push of a button depending on the political circumstances of the moment, of course you can't live under political conditions like that.

[Vavilova] Leonid Danylovych, in that case, the predictions by some observers that in the fall President Kuchma will dissolve the councils [sovety] are not totally unfounded? What is your view in general of soviet [sovetskoy: council] power in Ukraine?

[Kuchma] The existing councils [sovety] are totally different in nature. Under the law on power and the

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constitutional treaty, the power of the soviets no longer exists in Ukraine.

As for whether the councils will be dissolved.... No, they are operating today at the level of local self-government organs and their powers are clearly defined: For instance, in the sphere of formation of the local budget, etc. And, most important, there is no longer the hierarchy of soviet power that had existed hitherto.

[Vavilova] Mr. President, how do you assess the prospects for the development of Ukraine's relations with Crimea? Will the change of leadership of the Crimean Supreme Council help to improve them, and when will the Crimean government once again become subordinate to its legislative body?

[Kuchma] I do not see a change in the attitude toward Crimea as being highly dependent on the change in the leadership of its Supreme Council. I think both the former and the present leadership realize that neither Crimea nor Ukraine as a whole has a future without normal good-neighborly relations with Russia. But in the present situation the distribution of forces in the Crimean Supreme Council is not so clear or distinct as to talk about a superiority on either side.

I say again: Until such time as the formation of the parliament or Supreme Council in any country is based on party principles, there can be no order.

As for the Crimean government's becoming subordinate to its legislative body again, I expect to sign an edict on this matter in the near future, although I understand clearly and distinctly: Today we must seek the golden mean that would help us not to lose the executive chain of command. But the autonomous entity exists and must exist, and so the system of subordination of the executive power to the legislative must be restored.

[Vavilova] Your rating during the presidential election was fairly high, especially in Crimea and in the eastern oblasts of Ukraine. Now it has fallen somewhat specifically in those regions. Would you risk announcing early Ukrainian presidential elections today, in order to seek confirmation of your powers?

[Kuchma] In principle, I embarked on that procedure when I announced the plebiscite — that means I was prepared to go into repeat elections. If a vote of no confidence in me was expressed, I would say: "Yes, a new president must be elected."

Kiev Plans Talks With Russia on Karabakh Settlement

LD2308182895 Moscow INTERFAX in English 1532 GMT 23 Aug 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Kiev, Aug 23 (INTERFAX-UKRAINE) — Ukraine plans to hold talks on intensifying settlement efforts in Nagorno-Karabakh with Russia once its completes similar talks with Finland (Finland and Russia are co-chairmen of the OCSE Minsk Conference for Nagorno-Karabakh Settlement — IF note). Ukrainian Foreign Minister Hennadiy Udovenko made this statement upon his return from Helsinki on Wednesday.

Udovenko had met a co-chairman of the Minsk Conference, Finnish Deputy Foreign Minister Heikki Talvitie, in Helsinki on August 22.

According to Udovenko, the meeting was "fact-establishing." At the same time, he described its results as "very productive." He remarked that Ukraine and Finland had agreed to maintain contacts on this issue.

However, Udovenko declined to name a form in which Ukraine could participate in the settlement. He said he would have to meet the Armenian and Azerbaijani foreign ministers. "Possibly, someone will have to be sent to the conflict area," he added.

Udovenko said Armenia and Azerbaijan had failed so far to react somehow to the Ukrainian initiative. "Our talks are only the beginning, and their importance should not be exaggerated," he underlined. "The search for mutual understanding with Russia on this issue, so that it would be also interested in Ukraine's involvement in the settlement process, appears the main task for today," he concluded.

National Affairs

Rukh Address to Ukrainians on Independence Day

LD2308174895 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 23 Aug 95

[FBIS Translated Text] Four years have passed since the adoption of the act on the declaration of Ukrainian independence. Rich in changes and various developments, these four years of the establishment of Ukraine as a state equal a whole epoch, reads an address by the People's Movement of Ukraine [Rukh] to Ukrainian citizens.

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Rukh too, has contributed to the formation of national consciousness and the achievement of state independence. Regrettably, the democratic forces in 1991 were insufficiently mature to come to power and, thus, to accelerate the process of nation building and dampen its severe impact on the Ukrainian economy and every individual.

Our belief is that the only possible alternative is for power to be taken over by the democratic forces, which is realistically attainable in a short term.

The shortages of the transitional period and the chores and concerns of everyday life have failed to overshadow the significance of 24 August 1991. In our history, and the souls and hearts of Ukrainian patriots, nothing has been detracted from it and nothing ever will.

This was an Rukh address to Ukrainian citizens.

Crimea Greets Ukrainians on Independence Day

LD2308193695 Moscow INTERFAX in English 1730 GMT 23 Aug 95

[FBIS Transcribed Text] Simferopol, August 23 (INTERFAX-UKRAINE) — The Crimean Parliament and the Government addressed a message to "the Crimeans and all the people of Ukraine" expressing the best wishes on the occasion of the Independence Day.

"We shall do our best so that the concord and creative labour should reign supreme in our country," the message says.

The message notes that the road of building an independent state "has become complex and controversial." "But people's striving to become masters of their destiny, to build a society making it possible for all to live a worthy life, infuses hope, that all complications will be overcome," the message from the autonomy's leaders says.

Nationalists Participate in Rallies Honoring Patriarch

LD2308163695 Kiev UNIAN in Ukrainian 1300 GMT 23 Aug 95

[FBIS Translated Text] Kiev — Around 1,200-1,300 representatives from UNA-UNSD [Ukrainian National Assembly-Ukrainian National Self-Defense] from almost every Ukrainian region took part in the events to honor the memory of Patriarch Volodymyr, UNIAN learned from Oleh Vitovych, the leader of this organization. He said that under an agreement with the organizers of the events, UNSD members were generally dressed in civilian clothes.

Oleh Vitovych said that representatives of the law enforcement bodies detained and prevented some 30 UNA-UNSD members from entering Kiev — 10 on the border between Kiev and Zhitomir Regions, 10 in Ivano-Frankovsk Region, and 10 "were escorted from the Poltava-Kiev" train. According to the UNA-UNSD commander, today's events will end "with a boring rally with boring slogans, as UNSD will do nothing radical".

Church Metropolitan, Other Speakers Address Rally

WS2408100395 Kiev INTELNEWS in English 0503 GMT 24 Aug 95

[By Oksana Hasiuk, INTELNEWS Staff Writer]

[FBIS Transcribed Text] Kiev, Aug. 23 — A memorial procession on Wednesday [23 August] for Volodymyr Romanyuk, the late patriarch of the Kiev Patriarchate Ukrainian Orthodox Church, ended in a nationalist rally but without the violence that marred his funeral.

One day prior to Ukraine's Independence Day holiday, about 2,000 people gathered on Sophia Square after a liturgy at St. Volodymyr's Cathedral in honor of the 40th day after the patriarch's death. The Ukrainian Orthodox Church holds the 40th day after death as religiously significant.

The patriarch was buried in the asphalt in front of the St. Sophia's Cathedral on July 18, when militia violently confronted mourners in preventing the patriarch's interment inside the cathedral.

Metropolitan Filaret, who founded the Kiev Patriarchate Orthodox Church in 1992, laid out the demands of his church.

Filaret said, "It is necessary for Ukraine to create one Ukrainian national church." Filaret called on all Orthodox Christians in Ukraine to unite around the Kievv Patriarchate Orthodox Church, despite its minority status in the country, and also called those "still afraid of Moscow to become courageous, to split with Moscow and to unite around of the city of Kiev."

According to Filaret, the July events on Sophia Square mean that the Kiev Patriarchate Orthodox Church, the national church, has been persecuted on its own land.

"Those who are struggling against the Kiev Patriarchate are fighting against Ukraine's independence," Filaret said.

Filaret read an appeal of Kiev Patriarchate Orthodox Church leadership to Ukrainians and to President Leonid Kuchma, in which he demanded an end to the persecution of the Ukrainian Orthodox Church of Kiev Patriarchate and an "end to anti-Ukrainian actions of the

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Moscow Patriarchate in Ukraine, which is unlawfully called the Ukrainian Orthodox Church."

The breakaway church's leader also said St. Sophia's Cathedral, Kiev Pechersk Monastery, Pochayiv Lavra, Vydubytskiy Monastery, Mykhayliv Monastery and St. Andrew's Church be given to the Kiev Patriarchate Orthodox Church, which commands a minority of Ukraine's orthodox believers, rather than the Moscow-affiliated Orthodox Church.

Filaret called on Parliament in the appeal to pass a law on returning to the church all real estate and movable property, which was owned by the church before unlawful nationalization of the property by the Communist Party.

Filaret also asked Parliament to approve a law releasing the church in Ukraine from any taxation, to "promote creation of a financial-material basis for the spiritual rebirth of our society."

Filaret demanded that official powers permit Volodymyr's re-burial on the St. Sophia's Cathedral territory.

"I am sure that the body of Patriarch Volodymyr will be buried in St. Sophia's and not in some other place," Rukh leader Vyacheslav Chornovil said. He also said, appealing to Deputy Prime Minister on Humanitarian Issues Ivan Kuras, who participated in the Wednesday rally, that the government change its position that St. Sophia's Cathedral is not an acting church, but a state museum.

According to Chornovil, St. Sophia's Cathedral "was the main church of the Ukrainian Autocephalous Orthodox Church (UAOC) in the 1930s." The UAOC was founded in 1921, when Ukraine was under Central Rada rule, as an independent Ukrainian government.

Chornovil said the current UAOC, renewed in 1990, and the Kiev Patriarchate Orthodox Church are the successors of the UAOC, founded in 1921 and persecuted by Soviet leaders in the 1930s.

Chornovil, as well as parliamentary deputies Levko Lukyanenko, honorary head of Ukrainian Republican Party, and Stepan Khmara, who heads the Ukrainian Republican Conservative Party, called on Ukrainians to come to their voting districts on Dec. 10, the date scheduled for extraordinary parliamentary elections, and vote for democratic deputies.

Khmara also appealed to deputies who signed the constitutional agreement between the president and Parliament to revoke their signatures from the agreement because, according to Khmara, the signing of the agreement gave the president dictatorial powers and led to the July 18 violence on Sophia Square.

Chornovil said democratic forces in Ukraine should unite facing upcoming fall actions of leftist forces in society.

Kostyantyn Morozov, the former defense minister who recently became leader of the Ukraina democratic association and head of democratic parties council, said that former president Leonid Kravchuk is the person who can unite democratic forces.

Kravchuk participated in the Wednesday rally, but refused to speak, despite the crowd's demands for him to do so. When Kravchuk left the rally, people surrounded him and said they would vote for him again.

The creation of the Kiev Patriarchate Orthodox Church in 1992 was strongly supported by Kravchuk and some deputies from the former Parliament.

Commenting on officials' statements about his possible involvement in the July 18 events, Kravchuk said authorities are afraid of him. "All presidential (Kuchma) people are struggling against one person, against me," Kravchuk said. He stressed that he can lead a debate with anybody on television, but this is impossible because official mass media are pro-Kuchma.

Korchynskyy, of the Ukrainian National Assembly-Ukrainian National Self-defense Force, said his organization is satisfied with Romaniuk's current burial site.

"We are just unsatisfied that we failed to do something after the July 18 events that would have led to retirement of the president, government and Parliament," Korchynskyy said.

"The government was afraid of us," Korchynskyy said, speaking about the July violence, because this was our victory. "We buried our patriarch where we wanted."

According to Korchynskyy, when the democratic forces did not take decisive actions after the July events, the authorities decided to destroy UNA-UNSO as the only provocateur that encourages people to be free.

"I do not know what Kuchma's democracy is. I do not know what Kuchma's reforms are, but I know what freedom is," Korchynskyy said.

Marchuk Interested in Renovating Tanks

LD2308120595 Moscow INTERFAX in English 1036 GMT 23 Aug 95

[FBIS Transcribed Text] Kharkov, Aug 23 (INTERFAX-UKRAINE) — Ukraine is interested in renovating its stock of tanks, Ukrainian Prime

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Minister Yevheniy Marchuk told a news conference in Kharkov Tuesday evening [22 August].

Marchuk visited the Kharkov defense plant named after Malyshev Tuesday on the occasion of its 100th jubilee. The plant was one of the largest defense enterprise of the former Soviet Union.

According to Marchuk, the Malyshev plant will receive 1 trillion karbovantsy for production development. A cabinet resolution to this effect was signed by Marchuk on August 21.

"Tanks produced by the Malyshev plant are equal to their world analogues," said the Prime Minister.

Speaking about export possibilities for Ukrainian tanks, Marchuk said the "selling of these products is very specific. A state which exports armaments has to take into account plenty of things, including the fact that such armaments as tanks may change the regional balance of forces."

There is "a long and hard road" to the world arms market said Marchuk. However, in his opinion, "the plant has such prospects."

Crimea's Demydenko Cautious on Kuchma Edict

LD2308215695 Kiev UNIAN in Ukrainian 1700 GMT 23 Aug 95

[FBIS Translated Text] Simferopol — The changes which have recently taken place in Crimea's Supreme Council and the parliamentary leadership enable one to make an optimistic forecast on mutual relations between the peninsula's executive and legislative branches of power. This has been stated to UNIAN by Deputy Prime Minister Arkadiy Demydenko, the autonomy's acting prime minister.

Commenting on Ukrainian President Leonid Kuchma's decree, "On state executive authorities in the Crimean autonomous republic," Demydenko added: "It is normal that the executive branch of power is subordinate to the legislature. What is wrong is that this subordination preceded the passage of Crimea's constitution, without therefore any provision for the relationship between both being laid down."

State Fund To Promote New Technologies

LD2308212695 Kiev UNIAN in Ukrainian 1700 GMT 23 Aug 95

[FBIS Translated Text] Kiev — The Ukrainian Cabinet of Ministers has approved regulations on the State Innovations Fund (Derzhinnofond), set up in accordance with the law "On the principles of state policy in the sphere of science and scientific and technological activity in Ukraine," UNIAN has learned from the cabinet press service.

As well as regional branches, Derzninnofond will have offices in Crimea and the cities of Kiev and Sevastopol.

The fund's main objective is to organize support by the state with funds, investments, materials, and equipment for the introduction of scientific and technological developments and new technologies into production, the re-equipping of production, and the manufacture of new types of goods and import substitutes; arranging the selection of novel designs to meet the requirements of nationwide, national, inter-sectoral and regional scientific and technological programs, and other projects of national and regional importance; and drawing up proposals on state policymaking in the domain of innovations.

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Belarus

German Foreign Minister Calls For Cooperation

WS2408091095 Minsk RESPUBLIKA in Russian 19 Aug 95 pp 1-2

[Article by German Foreign Minister Klaus Kinkel: "Germany Wants To Be a Partner of an Independent and European Belarus" — first three paragraphs are RESPUBLIKA introduction]

[FBIS Translated Text] German Minister of Foreign Affairs Klaus Kinkel is arriving in Belarus on a one-day working visit on 21 August 1995. This is the first visit of the chief of Germany's foreign affairs department to our state. In the course of the one-day visit to Minsk, Mr. Kinkel is supposed to meet President Alyaksandr Lukashenka, Deputy Prime Minister Mikhail Chyhir, and Minister of Foreign Affairs Uladzimir Syanko. The heads of the two states' diplomatic departments are going to discuss certain issues concerning further development of Belarusian-German relations.

Klaus Kinkel was born on 17 December 1936 in Metzingen, Baden Wurttemberg Land. In the years 1956-1960 he studied law at the universities of Tubingen, Bonn, and Kiel. He acquired a PhD degree in science. In the years 1965-1970 he worked in the territorial administration of the city of Balingen for the Federal Ministry of State Defense, and then in the Federal Ministry of Interior Affairs. After that, he held the post of the official referent of the minister of foreign affairs, the chief of the Secretariat, and the chairman of a number of departments in the Ministry of Foreign Affairs. In the years 1979-1982 he became president of the Federal Investigation Service; then, until 1991 he was secretary of state at the Federal Ministry of Justice. In 1991 he became federal minister of justice, in 1992 — federal minister of foreign affairs, in 1993 — deputy federal chancellor. He is married and has four children.

Belarus, which became an independent state once again after the collapse of the Soviet Union in 1991, is striving for a closer integration with Europe in both political and economic areas. Germany wants to be Belarus's partner and assistant in this area. We consider this kind of support to be an investment into our mutual European future.

Those who currently talk about Europe have in their minds more than the EU institutions and economic cooperation. One who seeks Europe approaches a multiplicity of values which are based on democracy and a market economy. In addition, to be frank, Europe should begin to orient itself toward its partners in the East. However, at the same time, the new partners should also adjust to Europe. There is a need for movement in all areas to serve this purpose.

Belarus is going through a difficult economic crisis. So far, there is no successful program of reforms which concern the market economy. We, Germans, know from our own experience gained in the new federal lands that the future cannot be achieved by giving the socialistic past a new coat of paint. This relates to Belarus, too. It would be erroneous to hope that with the help of yesterday's recipes all the economic problems can be resolved. There is no way back, however, there are also no alternative methods of reform. For instance, Russia understood this a long time ago. Successful economic changes cannot be possible without a democratic system in the decisionmaking process. Free and honest elections of the legislative branch, and unhindered activities of parties, the media, and trade unions — in the form envisaged by the new Belarusian Constitution of 1994 — are expedient for actual reform. The elimination of shortages that exist in Belarus within the shortest possible time serves the crucial interests of Belarus itself. In addition, the establishment of a competent parliament should be the primary issue. This would also help build the road to the much-desired accession to the EU.

Due to the agreement signed on partnership and cooperation with the EU, participation in the Partnership for Peace program, and membership in the Organization for Security and Cooperation in Europe, solid and prospective foundations are being laid for a union with Europe. As in the past, the agreement on Conventional Armed Forces in Europe, the goal of which is the reduction of conventional arms, remains an important component of the future European security architecture, which also includes Belarus. Therefore, the observance of determined levels and time limits for the reduction of arms acquires an even more eminent significance. We still believe that Belarus will accomplish the process of arms reduction — which she has suspended. This would be very important evidence of the fact that Belarus understands its own responsibility for our common European security.

Belarus should independently determine the direction and pace of its development. However, the international community could provide Belarus with tangible support. So far, Germany has occupied first place in this area given that it is [Belarus's] largest trading partner in the West — given the assistance it renders within the EU's framework; the construction of apartments for redeployed servicemen and organizing courses for adapting them to civilian life; the broad consultative and humanitarian assistance, as well as insurance of German imports by the "Hermes" joint-stock credit insurance

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association. Germany intends to continue this kind of assistance.

However, cooperation between Germany and Belarus is not limited solely to the governmental level.

The federal lands also participate in this cooperation, primarily Nordrhein-Westfalen Land, which has opened an economic mission in Minsk. Once again, due to the initiative of the Bonn-based "Minsk Club," whose board of guardians comprises the Mayor of Bonn Ms. Berbel Dickman and Hans-Dietrich Genscher, an intensive exchange, including in the cultural area, has been conducted between the two partner cities — Bonn and Minsk. Finally, considering the German- Belarusian relationship, we cannot forget about numerous nongovernmental organizations and individual initiatives in providing humanitarian assistance, which since the Chernobyl disaster have been operating in the damaged areas. I am encouraging the kind of situation in which "low-level" diplomacy and "high-level" diplomacy (as previously) walk shoulder to shoulder, accompanying Belarus on its difficult path to Europe.

Opposition Attacks Authorities in Foreign Appeal

LD2308210595 Moscow Russian Television Network in Russian 1900 GMT 23 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] Leaders of the Belarus opposition including Zyanon Paznyak [chairman of the Belarusian People's Front] have signed an appeal to the presidents of Russia and the United States and to members of parliament in both countries, describing attempts by the Belarus authorities to finish off the opposition.

According to the republic's first deputy Prosecutor General, President Lukashenka has signed an edict abolishing deputies' immunity. Opposition leaders say the prosecutor's office is making no secret of its intention to be guided in its actions not by the Constitution but by presidential edicts.

Politicians 'Ambiguous' About Roundtable

WS2308140895 Minsk CHYRVONAYA ZMENA in Belarusian 22 Aug 95 p 1

[Report attributed to BELINFARM: "The President's Initiative: 'Pros' and 'Cons'"]

[FBIS Translated Text] *The president's intention to hold a "round table" meeting this September with the participation of prominent Belarusian politicians, as well as leaders of parties, social movements and unions, has produced an ambiguous reaction. Leading politicians' opinions about both the president's initiative and their participation in this meeting have proven diametrically different.*

According to Vasil Novikaw [leader of the Party of Communists in the Supreme Soviet], this is a good idea, but the president, unfortunately, is one year late. The president should have done it immediately after he had assumed his duties. "We, the Communists, asserted long ago that such meetings should be held on a regular basis. Paradoxically as it may seem, we have proposed to hold a meeting with our political opponents, in particular, with representatives of the Belarusian Popular Front. True, they have rejected dialogue." The Communist leader thinks that the "round table" meeting should be attended by all rational and moderate forces, because dialogue is far better than any quarrel, which cannot be continued ad infinitum. "I think that normal people should reach mutual understanding. As for us, there is hardly anything on which we cannot agree with the president. His program is practically compatible with our slogans and ideas, and we fully support the president's advocacy of the improvement of working people's (i.e. wage-earners') conditions," said V. Novikaw.

[Former Supreme Soviet Chairman] Stanislaw Shushkevich thinks that — inasmuch as the president initiates and is responsible for all that is taking place in the Republic — he must succeed in gathering such a "round table" meeting. "He must show that he seeks advice from the people. At the beginning, however, the president should apologize to those politicians who were beaten in the Supreme Soviet under his instruction," Shushkevich asserted. In his opinion, respectable politicians who hold different points of view than the president may hardly attend this meeting.

Viktar Chykin [chairman of the Movement for Democracy, Social Progress, and Justice] does not pin great hopes on productivity of the September meeting between the president and prominent Belarusian politicians. At the same time, he noted that many questions had amassed. First of all, it is necessary to coordinate the actions of parties during the elections to a new Belarusian Supreme Soviet. In his opinion, it is primarily Alyaksandr Lukashenka who is interested in this. The leader of the Movement for Democracy, Social Progress, and Justice hopes to resolve the problem of freely using mass media by Belarusian parties. "It is necessary to concentrate the activity of all politicians on resolving these local problems, which, in turn, may provide a positive stimulus for holding constructive dialogue about more complex issues," Chykin underscored.

"The president, however, made his decision too late," thinks [Chairman of the United Democratic Party]

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Alyaksandr Dabravolski. The situation in the Republic is quite tense now, and it is continuing to worsen. We need a dialogue between the president and eminent politicians, but it should be a dialogue, not a monologue," he underlined. Such a meeting, in Alyaksandr Dabravolski's opinion, could "open the eyes for the president and the prime minister." "For the time being, they receive information only from those who have access to their offices. The actual spectrum of opinions is much wider," he noted. The issue of the participation of the party's representative in the "round table" session will be resolved, according to Dabravolski, jointly with his party colleagues. However, there has so far been no official invitation, and Dabravolski himself has learned about this meeting from the press.

Authorities Refuse To Explain Parliamentarian's Arrest

MM2408090795 Moscow IZVESTIYA in Russian 24 Aug 95 p 1

[Report by Aleksandr Starikevich: "Awkward People Being Isolated in Belarus"]

[FBIS Translated Text] Minsk — The April events, when hunger- striking parliamentarians were beaten up in the Belarusian Supreme Council hall of sessions, have had their logical continuation in the past few days. Law-enforcement organs arrested Syarhey Antonchyk, a Supreme Council deputy and author of a report on corruption in the presidential entourage.

He was arrested last Monday near the Belarusian Free Trade Unions headquarters. Nobody has seen him since then. All attempts by fellow deputies to have a meeting with him have been unsuccessful. The authorities are pointedly refusing to explain the motives behind the arrest.

Antonchyk was allowed one phone call home. He told his wife that he hoped to be back soon, that he had been moved twice already and was getting ready to be moved again. And he added: "They're giving me the works." After which he was cut off. Currently nothing is known about the fate or location of the parliamentarian.

Thus, even parliamentary immunity has ceased to be any kind of reliable protection in the presidential Republic of Belarus. Where does that leave ordinary citizens?

Establishment of National Oil Company Urged

WS2308142795 Minsk ZVYAZDA in Belarusian 22 Aug 95 pp 1,2

[Interview with Alyaksandr Mazanik, vice president of the Belnaftapradukt state concern, by INTERFAX correspondent Ivan Stsyapura; place and date not given: "Alyaksandr Mazanik: 'Belarus Is Going To Set Up a National Oil Company'"]

[FBIS Translated Text] [Stsyapura] Alyaksandr Mikhaylavich, the entire policy concerning the oil extracting and refining industry is currently being determined by the Belnaftapradukt concern. Thus, one would like to learn more about the concern.

[Mazanik] The Belnaftapradukt was set up in April last year with the aim of improving supplies of oil products for Belarusian consumers. It comprises the "Belarusnafta" oil extracting company, the only such a company in Belarus, two oil refining plants, over 30 oil bases, as well as a number of other companies servicing the oil industry. This indicates its importance for the Belarusian economy. It should be noted that a number of commercial firms have recently joined the concern.

[Stsyapura] Nevertheless, do you think the concern has achieved the goal for which it was established?

[Mazanik] In late 1993 and early 1994, when there was no gasoline and diesel fuel at filling stations, the issue of providing kolkhozes with oil products for the sowing campaign was acute. This was when the concern was set up. With assistance from the Belarusian Government, problems with oil deliveries to Belarus were resolved, and a market for oil deliveries and products was established. There are currently no acute problems with supplies of oil products.

Despite the fact that the concern has been operating for as little as a year and a half, one can already say that it has basically played its role, and its further existence in the current form is becoming inefficient. We must search for new forms of running this branch, which would be adapted to market conditions.

[Stsyapura] What do you have in mind? Talks are currently under way on establishing industrial-financial groups and joint ventures with Russian oil producers in Belarus. How realistic are these proposals, and are the possible consequences of their establishment being calculated at the state level? I have in mind rumors about the exceedingly cheap transfer of Belarusian property.

[Mazanik] The government is currently examining two proposals concerning the establishment of industrial-financial groups based on the Naftan production amalgamation and a number of Belarusian chemical companies. One proposal has been presented by the Russian minister of fuel and power engineering, and another — by Russia's Tekhnokhim share holding company. Our concern shares the opinion that it is essential to set up an industrial-financial group with Russian oil producers because this will make it possible to use the capacities of our chemical industry, and secure stable deliveries of

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oil from Russia. We have submitted to the Ministry of Economy a proposal indicating our readiness to finance studies on options of establishing the industrial-financial group, and select the optimal decision — one which would best conform to the interests of our Republic.

The work on establishing the Slavnafta company is also continuing.

[Stsyapura] Could you provide more details about the work on setting up the Slavnafta company? There are many contradictory rumors about this issue.

[Mazanik] I agree, there are many rumors.... The Belarusian Government set up a working group comprised of experts from a number of ministries — as well as employees of our concern and companies whose shares are to be sold to the company — to define the share of our Republic's property in Slavnafta. The working group, however, has not yet managed to find the optimal option for both sides. The company wants 51 percent of shares in the Mazyr oil refining plant, and majority stakes in the Belarusnafta production amalgamation and oil bases located in Homel and Brest Oblasts.

Thus, the company wants to have the market for oil products in southern Belarus at its disposal, and lay its hands on oil extraction and refining. Our concern is interested in Slavnafta's operations on the Belarusian market, and believes the company should receive a part of the property, though this should be based on the mutual interests of the Belarusian and Russian sides. We must define the boundary between momentary profit and economic and political prospects. This is what a working group, which comprises interested representatives from Russia and Belarus, is currently dealing with.

[Stsyapura] The press has recently reported, however, that the establishment of Slavnafta has already been decided, and Belarusian companies have been handed over to the company.

[Mazanik] This is not entirely true. The issue, as I have already said, is currently being discussed.

[Stsyapura] As far as I know, Slavnafta is ready to invest a large amount of money in our companies.

[Mazanik] According to preliminary assessments, the money will cover 5 percent of these companies' needs. For example, the Mazyr oil refining plant needs $240 million, at the same time as Slavnafta has promised to invest as little as $10-15 million. Oil bases, which have capacities ranging form 10,000 to 15,000 tonnes of oil and from five to 10 filling stations, will receive investments totalling as little as $100,000-200,000 from the company. For example, I can say that the construction of one gas station costs approximately $1 million, and the reconstruction of it — around $200,000. As you see, these investments, unfortunately, will not resolve our companies' problems.

[Stsyapura] Alyaksandr Mikhaylavich, what are the prospects for reforming the Belarusian oil industry?

[Mazanik] Since our concern was established, we have been working on this problem, and have been studying the experiences of other countries, with a transitional type of economy, in which reforms have been proceeding quicker. In this work, we have involved organizations specializing in ownership transformations, and have come to the firm conclusion that the oil industry should be reformed. The concern has drafted a concept of this process, which is currently being studied. The concept envisions transformation into shareholding companies, and then privatization of all companies comprising the concern. We expect that the state will hold majority stakes in these companies. A Belarusian national oil company based on the shares owned by the state should then be established. The primary goal of this company is to meet our Republic's demand for oil products, regardless of economic and political conditions. In our opinion, the national oil company will make it possible to conduct a stable state policy in this sector, will improve the efficiency of companies, and curb prices for oil products. We think that the issue of cooperation with Russian oil producers, including the Slavnafta company, will be resolved within the framework of the national oil company.

[Stsyapura] Which countries' experience was studied during the drafting of the concept of reforms?

[Mazanik] As I have already said, we studied the Russian experience, as well as that of the Hungarian national oil company, in which the state, having 70 percent of shares, is successfully resolving virtually the same problems we are facing. I would like to note that the Hungarian oil sector is similar to ours. The volume of extraction and refining of oil is virtually the same, and the structure of sales of oil products is similar. State oil companies also operate in Italy, France, and a number of other developed countries.

We have not officially submitted our proposals to the government. First, the concept of reforms should be studied by experts and coordinated with interested ministries and departments, and only then will it be submitted to the Cabinet of Ministers for consideration. Should the concept be accepted, it will be studied by the Belarusian president.

During a recent meeting of our concern's directors board, the program for reforming the oil industry was fully accepted, and although there were certain demands

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and remarks concerning its improvement, the directors advocated the establishment of the national company to avoid "fragmentation" of the branch. It is easier to overcome difficulties together.

[Stsyapura] At one of the recent news conferences, concern president A. Loyka stated that the gasoline price may rise up to 5,000 rubles [R] by the end of this year. What does it mean? Is it possible that deliveries of oil to Belarus will be halted by that time, meaning that there will be problems with energy sources during the winter heating season?

[Mazanik] As for the alleged statement by concern president A. Loyka that the gas price will increase to R5,000 per liter by the end of this year, I would like to say that perhaps some journalist incorrectly understood A. Loyka.

Of course, one should not expect prices for oil products to decrease in our Republic; most likely, they will rise due to the following reason: As everybody knows, we receive oil from the Russian Federation, in which the volume of extraction declines every year, and the costs of extraction and deliveries constantly increase. Currently, 1 tonne of oil costs more than $80 in Russia, and we pay for it less than $75 per tonne. But who will ship us oil at a price lower than the production costs, at the same time as the world price for it exceeds $120? So, prices for oil products will increase due to these objective reasons, but not as much as certain journalists believe. Moreover, our prices for oil products are lower than in the Baltics, Ukraine, and Russia. I think that everything will proceed well with deliveries of oil products to our Republic. Our concern will take all possible measures for ensuring this.

Measures Worked Out To Resolve Non-Payment Crisis

LD2308194995 Moscow INTERFAX in English 1750 GMT 23 Aug 95

MINSK, Aug 23 (INTERFAX-WEST) — The Belarusian government has worked out measures to resolve the non-payment crisis.

Sources in the government told INTERFAX-WEST that it is planned to establish legal norms regulating the amount of production and adequate money supply, as well as to work out a mechanism for buying out insolvent enterprises' debts. Part of these debts are to be sold at auctions to commercial banks, state financial institutions and foreign buyers. In some cases the debts will be exchanged for long-term state liabilities. In addition, it is also planned to introduce a bankruptcy procedure within a year.

The government estimates that Belarusian enterprises' accounts payable grew 1.6 times during the first half of 1995 and reached 46.3 trillion Belarusian rubles (over $4 billion) by July 1, while accounts payable increased almost twice over the same period and total over 36 trillion Belarusian rubles ($3.1 billion). At the same time, the gross domestic product fell 12 percent against the same period last year and totaled 53 trillion Belarusian rubles ($4.6 billion) by July 1.

The main reasons behind soaring inter-industry debt is uncompetitive Belarusian goods, growing production costs due to constantly rising charges for electricity and raw materials, and the National Bank of Belarus's policy aimed at restraining the growth in money supply, a government expert said.

Moldova

Transdniester Official Urges Cooperation

WS2408092095 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 19 Aug 95 p 3

[Interview with Anna Volkova, deputy chairman of the Transdniester Moldovan Republic Supreme Soviet, by Volodymyr Lartsev; place and date not given: "Transdniester Region and Ukraine — Unshared Love?" — first paragraph is VSEUKRAINSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **Once the military conflict between Moldova and a part of its territory — the Transdniester region — abated, the public, to a certain degree, lost its interest in the situation in this region. Since almost half of the Transdniester population are Ukrainians, however, the Transdniester Moldovan Republic [PMR] is thus connected with our state by many economic and cultural roots. This is why we are interested in this region. Anna Volkova, deputy chairman of the PMR Supreme Soviet, has agreed to answer several questions for VSEUKRAINSKIYE VEDOMOSTI readers.**

[Lartsev] Anna Zakharovna, do you not feel like an internal emigrant in this state-like formation that nobody recognizes? Where would you like to live, if you had a choice?

[Volkova] My parents came from Russia, and there are Ukrainians and even Italians among my relatives. I have spent all of my conscious life in the Transdniester region, and I am rooted in this land. So, I made my choice a long time ago.

[Lartsev] What is the correlation among nationalities in your Republic's leadership?

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[Volkova] We have become accustomed to assessing people not according to the information provided in their passports, but according to the results of their job. Here, all of us are Transdniester residents, even though the principle of proportional representation is observed within the government. For example, the PMR president is a Russian, the vice president and parliament speaker — Moldovans, and the Supreme Soviet deputy chairpersons — a Ukrainian, a Moldovan, and a Russian.

[Lartsev] Your citizens' passports will expire in 1998. Following this, all of your citizens will not be able to travel. Will all routes outside PMR's borders really close for them?

[Volkova] Yes, the fact that PMR has not been recognized is a painful problem for us. We still hope, however, that the world will have recognized us as an independent state by 1998. This would remove many problems.

[Lartsev] Do you believe in this?

[Volkova] Hope is the last thing to die....

[Lartsev] So, the Transdniester Republic is not going to renounce its sovereignty?

[Volkova] The Transdniester population voted for independence as far back as 1991. Since then we have been adamantly advocating the consolidation of our statehood and close integration with, primarily, CIS countries. However, we do not enclose ourselves within the CIS, and are developing and consolidating economic ties with countries of the far abroad. This primarily relates to the brokerage of joint ventures. The fact that we have not been recognized, however, also brings about great difficulties in this area, since private businessmen are afraid to invest money in a country like ours.

The establishment of closer ties with Ukraine is naturally a priority of PMR's policy. Our existence depends on this very much. We would like to consolidate political, economic, and cultural ties with your country as much as possible. We have been, and are still continuing to exert vigorous efforts to achieve progress in this area. Unfortunately, we have not yet succeeded.

[Lartsev] Are you receiving financial assistance from neighboring countries?

[Volkova] We have repeatedly applied to Ukraine and Russia for loans, but so far to no avail.

[Lartsev] Is not Kiev's coolness the result of your tight contacts with Moscow?

[Volkova] What can I say in this regard? We are fighting to survive. The Transdniester region does not have raw materials and power engineering resources, although we have agricultural and industrial capabilities. So we have to "go about our business" to not let the industry decay, and to provide people with jobs and means required for existence. We must be oriented toward somebody. It happened that a number of our large companies have former business contacts with Russian companies producing parts for them. Why should we severe these ties? After all, we are trying to preserve all existing ties with Moldova as well. We would like very much to lean on Ukraine's firm shoulders, but encounter no reciprocal intentions. So we have to look for another partners.

[Lartsev] Excuse me, do you belong to the old party nomenklatura?

[Volkova] I joined the party at the most difficult time, during its collapse. I was a party member for as little as two years. By the way, I actively participated in the battle against Mikhail Gorbachev's policies, and I would even paste leaflets unmasking his policy. At that time, many of my comrades did not understand what his perestroyka was auguring for us, and what it was to bring about. I was soon exposed by KGB staffers. Nevertheless, I was elected to the Supreme Council.

[Lartsev] If I understand you correctly, you are supporting the USSR's revival?

[Volkova] No, I would put it another way. I advocate the revival of a new, even more powerful state based on Slavic unity, which would take into consideration all errors committed by the Soviet Union. We are so connected with one another historically, that we will hardly survive without close cooperation.

Disarmament of Illegal Groups in Gagauzia Completed

LD2308192195 Moscow ITAR-TASS in English 1835 GMT 23 Aug 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] Chisinau, August 23 (ITAR-TASS) — The disarmament of illegal armed formations in the Gagauz autonomous region being established in the south of Moldova has been successfully completed, Deputy Moldovan Interior Minister Mikhail Gorinchoy said on Wednesday [23 August].

Gorinchoy called on the people of Gagauzia to turn in their arms before the end of the week when the deadline of voluntary surrender of arms expires.

After August 27 those who are found keeping arms will be subject to criminal responsibility.

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Gorinchoy told journalists that militants have surrendered over the past two months one armoured personnel carrier, two Alazan missile launchers, four mortars, over 100 submachine and machine guns, 127 rockets, dozens of crates of shells, grenades and cartridges, and even a plane.

These weapons had been seized by armed units of the former self-proclaimed republic of Gagauzia during an armed conflict in the autumn of 1990.

The disarmament process in Gagauzia became possible only after the Moldovan parliament had agreed to grant the region a "special legal status" which gives it a number of political and economic freedoms, including in the legislative field. For example, in the event of Moldova's unification with Romania, the Gagauz would have the right to external self-determination.

Republican Party Refuses To Take Part in Roundtable

AU2308114495 Chisinau BASAPRESS in English 1930 GMT 22 Aug 95

[FBIS Transcribed Text] Chisinau 22/08/1995 (BASA-PRESS) — The leadership of the Republican Party [RP] declared that this formation refused to take part in a round table of all Moldova's political parties on August 24, this year. According to this document, this round table idea is "another attempt to start endless talks between dummies." The leadership considers the subjects that are intended to be discussed outdated.

Dumitru Diacov, one of the "round table"'s organizers, stated to BASA that this meeting was planned as an exchange of opinions and the extra-parliamentary parties must seize this opportunity first. "If the RP refused to participate, then its members do not realize the use of a party and of a parliament," stated Diacov. According to him, taking into account the mutual accusations between parties, any attempt to talk is really welcome. According to some anonymous sources, the RP's leaders decided to boycott the meeting because the president of this formation, Gheorghe Mazilu, is on a vacation. The same sources specified that "it seems that what we have to deal with today is not the old RP, but a group of people who, practically, abandoned it to support the Party of Rebirth and Conciliation's founding."

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Kazakhstan

Pakistan's Prime Minister Bhutto Continues Visit

Bhutto's Talks, News Conference Reported

BK2308163695 Islamabad Radio Pakistan Network in Urdu 1500 GMT 23 Aug 95

[FBIS Translated Text] Prime Minister Benazir Bhutto and Kazakhstan President Nursultan Nazarbayev held formal talks in Almaty this evening on the situation in Kashmir, Afghanistan, and Tajikistan. Both sides also agreed on a package of proposals presented by Prime Minister Benazir Bhutto on the development of road links for the promotion of trade and to provide sea links to Kazakhstan.

Both countries signed four agreements on the principles of mutual cooperation to assist each other in the legal process, on the avoidance of double taxation, and on reciprocal visits by citizens of both countries through visa facilities. The foreign ministers of the two countries signed the four agreements. Prime Minister Benazir Bhutto and President Nursultan Nazarbayev were present during the signing ceremony.

Addressing a joint news conference after the talks and the signing of agreements, the prime minister said she told the Kazakhstan president during the talks that the UN Security Council through its resolutions had pledged to give the right of self-determination to the people of Jammu and Kashmir. She told her host that there are now 600,000 Indian paramilitary and military troops present in the occupied Kashmir. The prime minister said Pakistan fully supports President Nazarbayev's initiative aimed at promoting peace and security in the region through a conference on inter-action and confidence-building measures in Asia. She said she and President Nazarbayev share identical views on the promotion of peace and stability in the region.

Benazir Bhutto said both countries recognize the importance of the Economic Cooperation Organization for regional peace and progress. She said the regular exchanges of high-level visits between the two countries reflect the aspirations of our people and governments to work for closer ties. She congratulated the Kazakhstan president on his reelection and invited him on behalf of the president to visit Pakistan. The invitation was accepted.

President Nursultan Nazarbayev expressed complete satisfaction over his talks with Prime Minister Benazir Bhutto. He said Bhutto is a courageous, inspiring, and outstanding leader of the Pakistani people. Paying tribute to her farsightedness, the Kazakhstan president said she has played valuable role in international agencies, worked with devotion for Pakistan's cause, and enhanced its prestige in the comity of nations. He said both countries have set up a joint working commission which will meet for the first time in Islamabad at the end of this year to increase cooperation in economic and other fields. He said he has approved the Pakistan prime minister's proposal to establish a road link between Pakistan and Kazakhstan. Nazarbayev said Pakistan has offered a credit of $60 million for a plan to supply cement to Kazakhstan, while Pakistan has expressed interest in buying food items. Besides, we also discussed air links, cooperation in the oil and gas sector and processing of agriculture products. Answering a question, President Nazarbayev said regional peace can be established through the promotion of economic and political cooperation among countries of the region.

Radio Pakistan representative Abdul Hamid in a dispatch from Almaty said President Nursultan Nazarbayev held talks without any aides at the Presidential Palace this evening. The meeting went beyond the fixed time and lasted for one hour. Later, the prime minister attended a banquet hosted by President Nursultan Nazarbayev.

Pakistani Premier Signs Accords

LD2308172295 Moscow ITAR-TASS World Service in Russian 1346 GMT 23 Aug 95

[FBIS Translated Text] Almaty, 23 Aug — Kazakhstan and Pakistan have decided to contribute in every possible way to UN efforts aimed at maintaining peace and security in various regions of the world and on the planet in general, to closely cooperate in ensuring universal disarmament and nonproliferation of nuclear weapons on the Asian continent. Kazakh President Nursultan Nazarbayev and Pakistani Prime Minister Benazir Bhutto said this at a joint news conference here today after Pakistani-Kazakh talks. The sides singled out the importance of preparing for a conference on cooperation and confidence-building measures in Asia.

As a result of talks between the government delegations a package of documents was signed — a joint declaration on the prospects for developing bilateral relations, a treaty on mutual assistance in civil, family, and criminal cases, an agreement on dual tax exemption, and preventing evasion of income tax payment, on mutual trips of citizens, and on mutual protection of investments. The sides have agreed to coordinate efforts in fighting international terrorism and illegal drug trafficking.

Nazarbayev and Bhutto had an one-to-one meeting earlier. On Thursday Bhutto will travel to Turkistan — a sacred site for Muslims.

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Nazarbayev Praises Talks With Bhutto

LD2308195295 Moscow INTERFAX in English 1750 GMT 23 Aug 95

[FBIS Transcribed Text] Almaty, Aug 23 (INTERFAX) — The talks between Kazakh President Nursultan Nazarbayev and Pakistani Prime Minister Benazir Bhutto in Almaty Wednesday were "very rich in content on all aspects of bilateral relations, both of regional and international nature," Nazarbayev told a briefing on the talks in the Kazakh capital.

He said that Bhutto "put forward a whole package of proposals for economic cooperation, the most important of which deal with solving the transport problem" in the region. These proposals provide for developing transport infrastructure in Central Asia and for opening flights between Almaty and Islamabad.

Nazarbayev characterized the Pakistani offer to supply technology and equipment for a colored cement plant as "very profitable for Kazakhstan." The construction of the plant in the south Kazakhstan town of Chimkent is nearing its end. The contract's cost is estimated at over $60 million.

The two countries reached an agreement to cooperate in the exploration and development of hydrocarbons. Pakistan will also supply equipment for the Kazakh oil industry.

Bhutto told the briefing that during the talks she discussed with Nazarbayev the conflicts in Tajikistan and Afghanistan as well as the situation in Cashmere. Bhutto said she fully supports the Kazakh president's initiative to call a conference on confidence-building measures in Asia.

After the talks, a joint statement was signed on the prospects of bilateral relations. The sides also signed an intergovernmental agreement on mutual aid in civil, family and criminal cases, a convention on measures to avoid double taxation and several other documents.

Bhutto will visit the Southern Kazakhstan region on August 24.

Nazarbayev, Bhutto Speak at Banquet

BK2408084595 Islamabad Radio Pakistan Network in Urdu 0200 GMT 24 Aug 95

[FBIS Translated Text] Prime Minister Benazir Bhutto and President Nursultan Nazarbayev of Kazakhstan have said that they have created a solid and secure base of close cooperation and partnership between their two countries in various fields. They said this at a banquet hosted by the Kazakh president in Almaty last night in honor of the Pakistani prime minister. In her speech, the prime minister referred to the bilateral agreements signed yesterday and said that Pakistan is committed to strengthening its relations with the brotherly country of Kazakhstan. The prime minister said that Pakistan considers Kazakhstan an indispensable partner in the promotion of mutually beneficial cooperation.

Reaffirming her desire for peace and stability in the region, Bhutto said that Pakistan is playing an important role in accomplishing this objective. She regretted that the Indian Government is not coming forward in resolving the complicated Kashmir issue, which has been an obstacle to the development of good-neighborly relations between Pakistan and India. She made it clear, however, that India cannot deny the Kashmiri people their right to self-determination; nor can it crush the relentless struggle they have launched in the occupied Kashmir. She appealed to Kazakhstan to help secure the rights of Kashmiris. The prime minister also referred to the situation in Afghanistan and Tajikistan and said Pakistan wants to see peace prevail in the two countries.

Nazarbayev said in his speech that Pakistan and Kazakhstan have identical views on issues of bilateral and regional importance. He said the two countries have mutual interest in peace and stability in Asia and a common approach toward resolving the complicated situation. The Kazakh president said that the agreements signed in Almaty yesterday would make an important contribution to the promotion of multidimensional ties between Pakistan and Kazakhstan. He said this partnership will benefit the two countries.

Radio Pakistan's representative Abdul Hamid says, in a dispatch from Almaty, that the Kazakh president reflected the feelings of sympathy that the people of Kazakhstan have for the people of Pakistan and spoke of the relationship based on friendship and confidence that exists between the two countries.

Tajikistan

Russian Border Post Subjected to Rebel Attack

LD2308192595 Moscow ITAR-TASS World Service in Russian 1605 GMT 23 Aug 95

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Translated Excerpt] Dushanbe, 23 Aug — A fresh armed provocation has been carried out by Tajik opposition rebels against border guards of the Khorog border detachment on the Tajik-Afgan border. An ITAR-TASS correspondent was told today at the headquarters of the Russian Border Troops command in Tajikistan that a border post on one of the sections of the fifth outpost came under fire today for more than an hour from Afghan territory.

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The shelling from different kinds of small arms and grenade throwers began at 1600. Russian border guards returned fire and destroyed the rebels' positions. There were no casualties among Russian servicemen. The Russian command does not have any information on rebel losses.

The command of the Russian Border Troops in Tajikistan said that the situation on the Tajik-Afghan border remains tense. [passage omitted]

Armed Provocations Continue on Border

LD2408083095 Moscow ITAR-TASS in English 0759 GMT 24 Aug 95

[FBIS Transcribed Text] Dushanbe, August 24 (ITAR-TASS) — Over the past twenty fours hours the situation on the Tajik-Afghan border in the area of Pamir highlands was rather tense, ITAR-TASS learned from the press department of the command of Russian border guards stationed in Tajikistan.

The Buni border guard post, belonging to the fifth Khorog-based border guard unit, came under intensive fire opened from the Afghan territory on Wednesday afternoon continuing for three hours. The Russian border guards had to open fire in retaliation.

Later in the day, in the same border area Russian border guards prevented two armed militants from crossing into Tajikistan from the Afghan territory. Last night the Yamchug border guard post belonging to the Ishkashim border guard unit was shelled in the rear. The border guards fired no shots in retaliation.

"Incessant armed provocations on the Tajik-Afghan border, in particular, in the area of Pamir highlands, show that an Inter-Tajik agreement on a temporary ceasefire has been unilaterally violated and that leaders of the Tajik opposition are either reluctant or unable to keep their militants under control," said a spokesman for the command of Russian border guards in Tajikistan.

Opposition Urges Tighter Control Over Russian Peacekeepers

LD2308182495 Moscow INTERFAX in English 1850 GMT 23 Aug 95

[FBIS Transcribed Text] Dushanbe, Aug 23 (INTERFAX) — Tajik opposition leader Abdullo Nuri has blamed Russian border guards for provoking a shoot-out with opposition rebels in Khorog, the Gorno-Badakhshan autonomous region, and demanded in the form of an ultimatum that the rebels leave their positions.

"The opposition's forces are deployed on their native territory and, according to the (ceasefire terms reached in the) Tehran Agreement, do not have to leave their positions until full political settlement is achieved," the Tajik Allied Opposition Forces' Union said in a statement signed by Nuri and published in Dushanbe on Wednesday [23 August].

According to Nuri, "all provocations and attempts to oust the opposition from its positions will encounter the fiercest resistance." "In the case of clashes, all responsibility for this will be put on the Russian armed forces stationed in Tajikistan," he underlined.

The union appealed to the U.N., OCSE, Islamic Conference Organization and observers at the peace talks to tighten control over the Russian troops in Tajikistan so that the peacekeepers perform only the tasks conferred upon them.

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Armenia

Official Comments on Credit Policies

954F3162A Yerevan RESPUBLIKA ARMENIYA in Russian 18 Aug 95 p 1

[Unattributed article: "Still Many Problems. The Situation in the Credit Market"]

[FBIS Translated Text] As compared to the beginning of the year, there has been an increase in the receipt of demand deposits (about 30 percent) in the banking system. As a result of this, there has been a certain decrease in the number of deposits in foreign exchange and an increase in those in drams. As concerns receipts of long-term deposits, there have been no changes in the state of affairs here: Their numbers are limited and therefore the banks cannot offer long-term credit for one to two years, not to mention carrying out investment projects. At the request of an Armenpress correspondent, the chief of the Administration of Monetary-Credit Policy of the Republic of Armenia, Narses Yeritsyan, comments on problems arising in this connection on the credit market.

In his words, there are several reasons for the situation that has developed in the credit market. First of all—the lack of development of the credit market. It is obvious that credit granted by banks must correspond to the structure of their credit "portfolios." And the portfolios of commercial banks are formed mainly from demand deposits and are essentially short-term—mostly for one to three months and a maximum of six months. Although possibilities have also been created for the functioning of the interbank credit market, nonetheless there are few operations, since the banks do not have sufficient resources for conducting them.

At the present time the banks are limited to primary markets— purchasing resources at auctions of the Central Bank, which are used to temporarily maintain their liquidity.

Additionally, the existing situation in the economy is a serious factor: The banks have been deprived of the possibility of making costly investments, since the credit risk is fairly great. And the state securities market, which should provide for liquidity in the economy and raise the banks' confidence in investments, is not functioning actively enough so far.

More state securities are expected to be issued at the beginning of September—short-term treasury bills, the preliminary volume of which will be 200 million drams. In the initial stage they will solve the liquidity problem. The task, in the opinion of the administration chief, is to create a market for these securities this year. In order actually to become a means of supporting liquidity, they must travel the corresponding path of development.

As Mr. Yeritsyan said, the time periods for credit (short-term, long-term) are relative amounts which are related to the business cycle of the economy. If the questions are considered on the plane of trade, three-month credit may be considered long-term, since the sum can turn over three times during this period.

As concerns the industrial cycle, it requires longer-term investments. The banks can participate in this process in two cases: Either in state investment programs or within the framework of target programs developed by the banks themselves they can participate in the privatization of industrial enterprises and make long-term investments—for five to six years. But today the banks are not integrated into the economy, since they do not have the funds for such operations and the credit risk is high.

A considerable influence on our economy is exerted by the attraction of foreign investments into the private sector, N. Yeritsyan emphasized. According to predictions, in parallel to the process of privatization, when the investors gain confidence in the processes taking place in the country, an influx of capital will begin.

The solution to this problem depends on the economic and banking systems, including macroeconomic indicators (curbing inflation, stabilizing the exchange rate, and generally increasing macroeconomic indicators).

In response to the question of why the Central Bank does not grant long-term credit itself, Mr. Yeritsyan said: "Providing credit for the economy is not the task of the Central Bank, and it cannot engage in the development of business plans for enterprises or a study of the markets.

The goal of the Central Bank is to provide macroeconomic stability and liquidity of the banks. The capabilities of the Central Bank on this plane are extremely limited, and such mediation cannot be permanent. Granting long-term credit should be the tasks of commercial banks, which in parallel with the stabilization of the economy can attract long-term deposits and in the future make investments in the economy.

Azerbaijan

Russian Envoy Said Unwilling To Discuss Troop Pullout

LD2308183395 Moscow INTERFAX in English 1524 GMT 23 Aug 95

[FBIS Transcribed Text] Baku, Aug 23 (INTERFAX) — Azerbaijan claims that the Russian mediator tries to sidestep discussion of the foreign army's withdrawal from occupied Azerbaijani lands.

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Foreign Minister Gasan Gasanov told journalists in Baku that Vladimir Kazimirov, the Russian president's envoy on Nagorno-Karabakh, "tried again to dodge the basic issues of the settlement, notably the liberation of occupied Azerbaijani lands, above all the towns of Shusha and Lachin" when he visited Baku on August 2 and 23.

Gasanov reiterated the Baku view that the status of Nagorno Karabakh should be decided on at the final stage of political settlement.

He expressed the hope that the next round of the Armenian-Azerbaijani talks, to be held in Moscow next September, will prioritize issues to be settled.

Kazimirov, who also represents the Russian co-chairman of the OSCE Minsk conference on Nagorno Karabakh, flew from Baku to Ankara Wednesday afternoon.

A source in his entourage told Interfax that Kazimirov will continue the exchange of views on political settlement of the Armenian-Azerbaijani conflict in Turkey.

Gasanov: Mediator Doesn't Understand Task

NC2308194795 Baku TURAN in English 1319 GMT 23 Aug 95

[FBIS Transcribed Text] Baku/23.08.95/TURAN — "I think that Vladimir Kazimirov does not understand the responsibility of the tasks of the mediators. He does not want to join the discussion of the problem of Shusha and Lachin," Foreign Minister Gasan Gasanov told commenting on the results of the visit to Baku of a special representative of the Russian president Vladimir Kazimirov for the Karabakh negotiations.

"Kazimirov must understand that Azerbaijan sees the resolution of the problem only through the liberation of its occupied territories including Shusha and Lachin," Gasan Gasanov noted.

He expressed hope that the Moscow round of the Armenian-Azeri negotiations in September will clarify the priority of the problems of the conflict, which are to be resolved first.

Late today Vladimir Kazimirov has left Baku for Ankara. "As Vladimir Kazimirov is a representative of the Russian co-Chairman of the OSCE Minsk group he decided to visit the capital of one of the states-members of the OSCE Minsk group," TURAN was told in the Russian Embassy of Baku.

On the eve, the assistant of the Russian diplomat told TURAN that decision on further route will be adopted by his chief at the results of the negotiations with the Azeri leaders.

Aliyev Against Prioritizing Karabakh Status Issue

LD2308191895 Moscow INTERFAX in English 1541 GMT 23 Aug 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Geydar Aliyev said Tuesday giving priority to the issue of Nagorno-Karabakh's status could become a serious obstacle to the settlement of the Azerbaijani-Armenian conflict.

"If the Minsk Group of the Organization for Security and Cooperation in Europe (OSCE) really wishes to achieve progress at the negotiations it should avoid putting the matter in this way," Aliyev told the Russian president's representative at the Azerbaijani-Armenian peace talks, Vladimir Kazimirov, whom he met in Baku.

Aliyev said that, in spite of a 15-month-old cease-fire, international mediators had been unable to effect any appreciable progress at the negotiations.

He insisted that the towns of Lachin and Shusha be returned to Azerbaijan.

Kazimirov, who previously met Armenian President Levon Ter-Petrosyan, told Aliyev that Yerevan, unlike the Nagorno-Karabakh leadership, did not insist that the status of the disputed enclave be put on the agenda for the initial stage of the settlement.

The Russian representative said there were two areas the international mediators were currently focusing on — drawing up a broad political accord and bringing the positions of the parties to the conflict closer together.

He said the next round of Azerbaijani-Armenian talks brokered by the states that are co-presidents of the OSCE Minsk Conference would be held in Moscow between September 4 and 9 and would be followed by a meeting of military experts on September 11-12.

Kazimirov simultaneously represents Russia as a co-president of the Minsk Conference.

Azerbaijan claims that the Russian mediator tries to sidestep discussion of the foreign army's withdrawal from occupied Azerbaijani lands.

Foreign Minister Gasan Gasanov told journalists in Baku that Vladimir Kazimirov, the Russian president's envoy on Nagorno-Karabakh, "tried again to dodge the basic issues of the settlement, notably the liberation of occupied Azerbaijani lands, above all the towns of Shusha and Lachin" when he visited Baku on August 2 and 23.

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Kazimirov, who also represents the Russian co-chairman of the OSCE Minsk conference on Nagorno-Karabakh, flew from Baku to Ankara Wednesday afternoon.

A source in his entourage told INTERFAX that Kazimirov will continue the exchange of views on political settlement of the Armenian-Azerbaijani conflict in Turkey.

Aliyev Says Conditions Favorable for U.S. Business

NC2308201795 Baku TURAN in English 1440 GMT 23 Aug 95

[FBIS Transcribed Text] Baku /23.08.95/ TURAN — "The most favourable conditions are created for the American business in Azerbaijan. The share of participation of the American companies in the "contract of century" testify to tha:", President Aliyev said last evening receiving the Senator of the state of Alabama, Richard Shelby.

President Aliyev said Baku has met the desires of the American side, which was against giving 5 per cent share in the oil project to Iran. "Due to this fact Iran has quarreled with us", Azeri President. [sentence as received] President Aliyev thinks Baku has the right to count on active participation of the U.S. in settlement of Azerbaijan's problems.

President Aliyev came out for prompt cancellation of the U.S. Congress embargo on American assistance to Azerbaijan. "Azerbaijan follows the way of independence and democracy. It is not so easy to preserve one's independence in this region", he pointed out.

"As a free, stable and democratic state Azerbaijan attracts attention not only the U.S., but also other countries of the world", the Senator Richard Shelby said.

He said coming back to Washington he will inform his colleagues and President Clinton about the wishes of the Azerbaijani Government. "Development of democracy and strengthening of independence of your country will ease our efforts on providing assistance to Azerbaijan. We will make every efforts to assist to peace settlement of your problems not only with Armenia, but also with Russia", Mr. Shelby said.

The American Senator expressed hope that for strengthening of its stability Azerbaijan will have to ask for help "neither the northern bear, nor the southern wolf".

President Aliyev said he agrees with the thoughts expressed by Mr. Shelby. Then the meeting continued without the press.

Deputy Attacks Finance Minister Statements

954F3152A Baku ZERKALO in Russian 15 Jul 95 No 26, pp 1, 6

[Interview with Dzh. Nuriyev, chairman of the parliamentary commission for control over budget execution, by ZERKALO correspondent A. Babakhanova; place and date not given: "Dzh. Nuriyev: 'I Declare a War on These Blackmailers....' The Chairman of the Parliamentary Commission for Control Over Budget Execution Accused the Minister of Finance of Tampering With Financial Indicators"]

[FBIS Translated Text] The republic's minister of finance, F. Yusufov, said in a conversation with journalists that all statements of Dzh. Nuriyev, chairman of the parliamentary commission for control over budget execution, are unsubstantiated and that he always lies, meaning his contentions regarding the situation with the 1995 budget—that it is unrealistic. ZERKALO correspondent asked Dzh. Nuriyev to comment on this statement.

[Nuriyev] I will not reply to this unethical attack on me by the minister of finance and stoop to his level. I will only operate with figures. The 1995 budget was adopted in February 1995. At the time, according to the Ministry of Finance forecast, the gross domestic product (GDP) this year was to amount to 9.4 trillion manat. The annual inflation level was forecast to be within 635 percent. I said back then that the submitted budget was unrealistic. First, Azerbaijan does not have a system of financial information that would even approach European standards. Second, I warned that in a country in a state of a progressive economic crisis, with a continuing production decline, inflation cannot remain at this level.

After the first quarter, the Ministry of Finance itself began to propose making changes in the budget, saying that the GDP would amount to about 8 trillion manat. In other words, it is reduced by 1.5 trillion manat. This alone says that the Ministry of Finance's figures had been arbitrary. The economic and financial structures simply lie to the people and the president when they say that the economic situation is improving.

Let us review the budget execution over the first quarter of this year. Let us begin with its revenue part. In

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February the plan for the value-added tax envisaged 44.7 billion manat. In May, the report for the first three months noted that 13 billion had been collected, that is, 28 percent of the forecast amount. However, in June a new report somehow appeared, where the Ministry of Finance retroactively reduced the plan to 22.7 billion, with the explanation that inflation turned out to be considerably lower than forecast. But the most interesting part is that the amount of taxes collected changed too—18 billion. In other words, the extent of budget execution was artificially raised to 79 percent. Although in this case too, the Ministry of Finance's forecast did not come true.

Excise tax initially was envisaged to be collected in the amount of 64.3 billion manat. Then this amount was reduced to 50.3 billion. And even after that, the extent of execution amounted to only 56 percent. But the most incredible thing happened to the tax on profit. In the beginning of the year it was forecast that this line item would bring 53.6 billion manat to the budget. The first report on the budget execution for the first quarter (May) indicated that 33 billion, or 62 percent of the planned amount, had been collected. Then the plan was reduced to 45 billion. But this was not enough for the Ministry of Finance. In the second report in June, it suddenly turned out that the budget received 60 billion over the first quarter, that is, 132 percent of the plan. But this is an outright lie.

If production is falling with every day, and the minimum wage is more than 25 times less than the minimum consumer basket, what kind of profit can we be talking about? The first version of the report indicated that royalty tax was collected in the amount of 15.6 billion manat. In the second version, this tax is not mentioned, as if it had never existed. For a reduction of the budget deficit, its lowering to 4.7 percent, it was intended to collect 630 billion manat in customs tax before the end of the year—an average of 150 billion manat per quarter. In the first quarter, only 16 billion was collected. In the first version of the report, it was envisaged that the income part of the budget in the first quarter would be 405.4 billion manat; in the second version—344.6 billion.

The situation with the expense part of the budget for the first quarter is no better. In February, expenses were planned in the amount of 470 billion manat. The "corrected" version shows 409 billion. The first version of the report indicated a budget deficit of 15 billion manat. There is nothing criminal in this—this is not a huge deficit. But in the second version it suddenly turned out that there is no deficit—quite the opposite, there is a positive balance of 14 billion.

What kind of a valid budget can the minister of finance talk about in such circumstances? Reducing the budget deficit by such artificial methods is by itself an economic crime. One gets the impression that the minister sees juggling the figures as his main function. He absolutely ignores such duties of his as financing capital construction. The plan for fixed capital investment was fulfilled only to the extent of 16 percent in the first quarter, and for capital investment in the national economy—to the extent of 17 percent. Wages are not issued for months.

Some government bureaucrats, including the minister of finance, began to blackmail me, spreading rumors that I slander the government, settling some scores, and want to bring down the current authority. Let them look at the people's living conditions. And let them not deceive the people and the president. They think that I will get scared and give up. No, you can put it in writing: I declare war on these blackmailers.

[Babakhanova] But are there no positive changes at all in the economy?

[Nuriyev] At the beginning of the year, the government announced that the economic decline would be stopped within the first half year, the situation would stabilize, and in the second half there would even be some improvement. Today one can say that this forecast did not come materialize either. The government forecasts predicted an annual production decline by no more than 11.5 percent. The results of the first five months, however, already show a production decline of 26.5 percent. Which means that by the end of the year this indicator will measure 30-35 percent.

The indicators for the first five months attest that the situation in the economy has become exacerbated as compared to the beginning of the year. And what kind of stabilization can we talk about when 55 percent of the budget deficit is covered not by the output produced, but by the proceeds from the sale of hard currency made available to Azerbaijan in the form of various loans? But then why do we need all these economic ministries—the National Bank does it all. It fulfills its functions, keeping inflation and the exchange rate of the manat at the same level. While the Cabinet of Ministers as a state body responsible for the economy does nothing. The National Bank's policy of stabilizing the manat's exchange rate is not supported by production growth. And if this continues, sooner or later the economy will collapse.

[Babakhanova] Some specialists in the Ministry of Economics predict a perceptible surge in prices very soon, sometime by the end of August, and say that it will

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be impossible to keep the exchange rate of the national currency at the current level.

[Nuriyev] The National Bank's policy is aimed at restraining the manat's exchange rate, not the rate of inflation. In the near future, the government will have to raise energy prices—this is the advice of the International Monetary Fund. I am against this IMF proposal, because it runs counter to the current economic realities in our country. To accept this proposal at this point means to exacerbate the economic situation in Azerbaijan. As soon as energy prices go up, market prices will surge too. And subsequently, the manat's purchasing power will plunge, that is, the inflation rate will increase.

In addition, as soon as energy prices rise, the minimum wage will have to be adjusted. To what extent it will change I cannot tell right now, because the difference between the minimum wage and the minimum consumer basket is huge. From the standpoint of social protection of the population, this is impermissible.

The second factor that will push up the inflation rate will be a change in the minimum wage. According to data of the State Committee for Statistics, over the first five months of 1995 three states led the list of Azerbaijan's foreign trade partners: Iran, Turkey, and Russia. Of these countries, we have a positive trade balance only with Iran. But this is not a reason to rejoice. What do we export to Iran? Strategic materials, while we import mainly consumer goods.

Such a state of affairs does not help in developing the domestic goods market. Foreign producers suppress our domestic market. I think that at the end of July and the beginning of August we should expect a sharp surge in prices, which will lead to a social explosion. The population currently barely makes ends meet thanks to the vegetables and fruit produced in the republic (70 percent of the vegetables and fruit are ripening now, and the 30 percent in the mountain part of the republic will be in September). That is, so far, until the end of July, we can supply the population with local vegetables and fruit, but then there will be a lapse until approximately the end of September. Foodstuffs will only be coming from abroad, and the population will have no money to buy them.

It is summer, and most state employees take vacations at this time, while most workers are on administrative leave because of production stoppages. Whoever stays will consume the remaining resources before the end of July. And after that there will be no more cheap local vegetables and fruit, the expensive imported stuff will be unaffordable for most, and during the period from the end of July to the middle of September the socioeconomic situation of the population will worsen dramatically. During this time we can expect destabilization in the society. The situation is catastrophic, and one does not have to be a great financier or economist to correct it—all one needs to do is to be able to analyze and draw the correct conclusions. But apparently these people—I mean those in charge of economics in the government—simply do not have this ability. Those who have brought the national economy and finances to such an abysmal state sooner or later will answer for what they have done.

Finance Minister Counters Deputy's Attack

954F3152B Baku ZERKALO in Russian 12 Aug 95 No 29, pp 1, 6

[Interview with Minister of Finance Fikret Yusufov, by an unidentified ZERKALO correspondent; place and date not given: "'It Is Not Dzhumshud Nuriyev's Fault—He Is Simply Out of His League!'—The Minister of Finance Responds to Parliamentary Commission Chairman's Accusations"]

[FBIS Translated Text] Last month two newspapers—AZERBAYDZHAN (15 July) and ZERKALO (15 July)—published an interview with Dzhumshud Nuriyev, chairman of the National Assembly's budget oversight commission, in which he sharply criticized the work of the Ministry of Finance and its head. Today we publish the opinion of Azerbaijan Minister of Finance Fikret Yusufov.

[ZERKALO] In his interviews published in ZERKALO and AZERBAYDZHAN, Dzhumshud Nuriyev declared "war" on you, accusing you of fact-juggling and blackmail. Do you intend to react in some way?

[Yusufov] I could ignore these interviews of the National Assembly budget commission chairman, aimed against me and filled with slander and blackmail. But I am compelled to respond, since I consider it my civic duty to once again present to the people the true face of Dzh. Nuriyev in order to protect the readers from further disinformation.

Over the past five years of our encounters in the course of discussing budget-related issues, I have had the growing impression that it was simply impossible to explain what a budget is to this populist with zero economic knowledge. And I was correct. To prove this, let me begin with the fact that from the very beginning of the material published in AZERBAYDZHAN, it becomes clear that the chairman of the National Assembly's budget commission does not know elementary things—such as, for instance, which budget was approved in the National Assembly. A budget commission chairman ought

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to know that the budget that is approved in the parliament is not the state budget, as he writes, but a republic one.

[ZERKALO] In other words, you reject the parliament budget commission chairman's claims on the grounds that he allegedly is incompetent in the issues he raises?

[Yusufov] Dzh. Nuriyev, who said in the AZERBAYDZHAN newspaper that budget drafts prepared by the Ministry of Finance, and other documents, were allegedly sent directly to the National Assembly, and who characterized it as a minister's "whim," should know that these documents were never sent directly to the National Assembly. The purpose of submitting the documents in parallel to the National Assembly was not a desire to encroach somehow on the Cabinet of Ministers—it was done for the purpose of speeding up the adoption of a relevant decision, and correspondingly, getting out of a difficult economic and financial situation.

Next, Dzh. Nuriyev contends that in the first half of this year a little more than 7 billion manat was allocated for the republic Ministry of Education. This is not true! Over the first half of this year, the Ministry of Finance allocated 30.9 billion manat for the Ministry of Education. And other ministries mentioned by Dzh. Nuriyev in the newspapers received more money than he says.

Apparently being aware that he cannot convince anyone with these imprecise figures, Dzh. Nuriyev resorts to another slander. He says: "There was another invention of the minister of finance, which started a new phase in Azerbaijan's economy. He issued a directive banning cars from leaving garages of all ministries on Saturdays and Sundays. This mainly affects Cabinet members. As we know, almost every day our republic is visited by guests of various levels. Naturally, they have to be met and seen off. So now in order to meet a guest coming to our republic one has to ask the minister of finance's permission."

The budget commission chairman—who does not have a slightest notion of the budget, however—should know that budget-funded organizations, which receive a limited quantity of fuel, decide on their own on which days—weekdays or weekends—their cars are to be in or out of their garages.

[ZERKALO] It was said that you refuse aid to refugees.

[Yusufov] Dzh. Nuriyev also accused the Ministry of Finance of providing poorly for refugees and resettlers, saying that the minister of finance "is building a state within a state." Skillfully using the fact that the refugee problem is one of our sore spots, the people's deputy maintains that allegedly 400 million—instead of 6 billion—manat were allocated for refugees living in tent cities. As a person overseeing the execution of the republic budget, Dzh. Nuriyev should have received a report on this subject from the Committee on Refugee Affairs. Unfortunately, in this too he demonstrated his ignorance in matters of the budget and the mechanism of its execution. It turns out that the person who for several years headed the National Assembly budget oversight commission still does not know that the tent cities are financed not by the Ministry of Finance but by the Committee on Refugee Affairs. The Ministry of Finance allocates as much money to the Committee on Refugee Affairs as they need. And then the Committee on Refugee Affairs decides how to distribute this money between tent cities and other refugee needs. Over the half-year, several tens of billions of manat have been allocated from the budget to this committee.

Dzh. Nuriyev, who tries to accuse the Ministry of Finance of various sins, should remember that he is also a deputy minister of agriculture, a person in charge of overseeing this ministry's foreign relations. In keeping with the law "On Tax on Exports," adopted by the National Assembly—of which he is a member—at the beginning of this year, the Ministry of Agriculture is supposed to pay to the budget within 10 days the tax from the profit on cotton sold abroad by the ministry. I am curious as to what goals were pursued by the chairman of the budget oversight commission—the person directly in charge of this sector in the Ministry of Agriculture—who forgot the provisions of the law he himself had voted for, when he prevented a timely transfer of 60 billion manat in tax on exports? This amount was transferred only after the Ministry of Finance audit and penalties. Meanwhile, 60 billion manat is slightly more than half the amount that the republic budget allocates for the Committee on Refugee Affairs. In these circumstances, the question to Dzh. Nuriyev is: Whose fault is it that the money allocated to the Committee on Refugee Affairs was not transferred in time and in full?

By the way, I want to emphasize that the Ministry of Finance, in looking at the matters of financing, gives priority to the needs of refugees and residents of border areas. The Ministry of Finance has always treated the problems of these people attentively. And will continue to do so.

[ZERKALO] There is a common opinion that your ministry is blindly following the lead of the IMF and other international financial organizations.

[Yusufov] The republic's public is well aware of the close contacts established over the past several years between Azerbaijan and international financial organi-

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zations. This gives Dzh. Nuriyev an excuse to contend that our economy is being run by these organizations. The geography teacher, who measures everything by his own yardstick and does not understand the processes taking place in the republic economy, maintains that the Azerbaijan economy is run first by Moscow and then by international financial organizations. Such reckless and unworthy remarks in the newspapers regarding the World Bank and the International Monetary Fund, whose membership includes more than 180 countries, result only in blackening Azerbaijan's reputation at a time when we are working on obtaining comprehensive assistance for the reforms being implemented in our country.

International monetary and loan organizations do not dictate anything to any country. Their work with countries is advisory in nature. The success the countries building a market economy have achieved over the past few years is due to a large extent to these recommendations. It is the implementation of provisions of the program of the main directions of the economic policy, drafted on the basis of IMF recommendations and adopted by the Azerbaijan Government, that permitted us to maintain the stability of the Azerbaijani manat over the past eight months and almost bring inflation down to zero.

This is what worries Dzh. Nuriyev. Because he would be happier with a different situation. He considers bringing inflation to a minimum and maintaining the manat's stability, which became possible as a result of the monetary policy of the Ministry of Finance and the National Bank, economic sabotage. This shows clearly what Dzh. Nuriyev, one of the confederates of the escaped ex-president A. Mutalibov, wants.

In his interview, the chairman of the budget oversight commission says that budget financing is not implemented to a full extent. He should understand that the budget is the treasury, and the money paid out of it should be commensurate with the revenue that goes in.

In this respect, one is involuntarily reminded of the remark deputy that Vakhid Akhmadov made regarding Dzh. Nuriyev, who was answering questions in the course of discussing the privatization program at the National Assembly session precisely at his level of competence. Vakhid Akhmadov said: "My questions should be answered by Mr. Tofik Azizov, chairman of the State Committee for the Administration of State Property [GKI], who presented the report. Why does Dzh. Nuriyev do it instead? I consider this an insult."

It was clear to all members of the National Assembly that Dzh. Nuriyev wanted to become GKI's first deputy chairman. I can imagine how these duties could be carried out by a person who graduated from the geography department of a pedagogical institute and became an specialist on soils by defending a thesis "Soil Erosion in the Karabakh Zone," who at some time worked in the Society for Popular Aid to Karabakh, as well as deputy chairman of the republic customs committee, and currently is deputy minister of agriculture. A man who never stayed in any one job—can he work as GKI's deputy chairman? I am curious as to what the real motives guiding this eternal "deputy to" are.

It should also be noted that it is not accidental that the material appeared, of all places, in the AZERBAYDZHAN newspaper. As a result of an audit conducted by Ministry of Finance specialists, serious financial violations were uncovered in the AZERBAYDZHAN newspaper. Although the audit is not yet completed, there is no question that in the course of it many more and much more serious ones will be uncovered....

I would like to advise Dzhumshud Nuriyev to sometimes look in the mirror so as not to forget his level. He would be wise to remember that it is not his fault that he is trying again to score points in the election campaign by coming up with populist articles. It is the fault of the enemies of the people, who in the past organized electing a person like him a deputy. Once again, I repeat, it is not Dzhumshud Nuriyev's fault—he is simply out of his league. But let him remember that one can only deceive the people once.

Georgia

Iranian Parliamentary Delegation, Ruhani Visit

LD2308133195 Tbilisi IPRINDA in Russian 0900 GMT 23 Aug 95

[FBIS Translated Text] Tbilisi, 23 Aug — The parliamentary delegation from the Islamic Republic of Iran led by Dr. Ruhani, secretary of the Iranian Supreme Council for National Security and chairman of the Foreign Policy Commission, is continuing its visit to Georgia. On the morning of 23 August the guests were received by Georgian Prime Minister Otar Patsatsia. They discussed issues of mutual interest, including the development of bilateral economic contacts. The sides stressed the need to develop contacts between their parliaments. It was said that the two countries are successfully cooperating in agriculture and the light industry. The Georgian side voiced a desire for cooperation in power engineering.

An IPRINDA correspondent says that on 23 August the Iranian delegation will pay brief visits to Batumi and Poti.

The Georgian Foreign Ministry has reported that on 23 August members of the Iranian parliamentary delegation

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were received by Georgian Foreign Minister Aleksandre Chikvaidze. The sides discussed ways of expanding friendly relations between the states. Dr. Ruhani stressed Iran's interest in the establishment of peace and stability in the Caucasus. He said that the Iranian side realistically assesses the suitability of Georgia's geographic location for transit and intends to take specific steps to use this opportunity for transit in the near future.

A. Chikvaidze briefed the guests on the situation in the Caucasus and on Georgia's position regarding various issues. He stressed Georgia's interest in maintaining good-neighborly relations with its neighbors. The sides reaffirmed their readiness to adhere to the agreements signed between Iran and Georgia.

Ruhani Meets Prime Minister Patsatsia

LD2308145595 Tehran IRNA in English
1356 GMT 23 Aug 95

[FBIS Transcribed Text] Tehran, Aug. 23, IRNA — Majles Vice-Speaker Hasan Ruhani, now visiting Georgia, conferred with Georgian Prime Minister Otar Patsatsia in Tbilisi Wednesday [23 August] on political and economic cooperation between the two countries.

Ruhani, who is in Georgia at the head of a high ranking political and parliamentary delegation on a three-day official visit, referred to historical and cultural bonds shared by Iran and Georgia and said bilateral relations have broadened noticeably in all domains over the past three years.

He added that exchange of visits by the Iranian and Georgian presidents to each other's capitals marked a "turning point" in bilateral relations.

Ruhani, also secretary of Supreme National Security Council, said that the agreements reached between the two countries in the past provided legal and political grounds for mutual cooperation, emphasizing the need to execute the agreements.

He called as "very important" for Iran the restoration of stability and tranquility in Georgia and the Caucasus and said regional cooperation among regional countries was "of high significance."

Economic cooperation among regional countries would not only bring about economic development in the said countries, but would also restore stability, security and peace to the region, added the Iranian parliamentarian.

He added that formation of Tehran-Tbilisi joint economic commission would be "effective" in expanding bilateral economic and commercial cooperation.

Moreover, Ruhani underscored Iran's firm determination to have strong relations with Georgia.

Ruhani said that establishment of a transit route connecting Asia to Europe via Georgian ports of Poti and Batumi would help Georgia and the other countries of the region to obtain access to the Persian Gulf waters.

He called for measures to be taken to expand cultural and scientific cooperation between the two countries.

Patsatsia for his part expressed satisfaction with the visit to his country of the Iranian delegation and voiced Georgia's readiness to have close cooperation with the Islamic Republic of Iran in industrial and housing sectors, production of medicine, tourism industry, construction of hydro power plants.

The Georgian premier said that Georgia was ready to transit Iranian goods via its Poti and Batumi ports.

Patsatsia expressed hope that Iran-Georgia relations would further broaden following the presidential and parliamentary elections to be held in that country on November 5.

He underlined the need to hold Tehran-Tbilisi joint economic commission sessions in a shorter intervals and proposed that the commission meet three times a year.

Security Discussed With Foreign Minister

LD2308213595 Tehran IRNA in English
2103 GMT 23 Aug 95

[FBIS Transcribed Text] Tbilisi, Aug. 23, IRNA — The deputy Majles speaker and secretary of the National Security Council, Hasan Ruhani, told the Georgian Foreign Minster, Aleksandr Chikvaidze, here on Wednesday that the prevelance of security in the Caucasian region is of great significance to Iran, adding that Iran is closely following the new developments in that region.

Ruhani told Chikvaidze that if the regional states want to have a strong and effective foreign relations, they should try to have a firm standing in the region before anything else.

The deputy speaker outlined that Iran is interested in seeing peace and serenity in the region as the most important factor in the expansion of the inter-state economic relations.

The secretary of the National Security Council stressed that both Georgia and Iran need to expand bilateral relations in addition to boosting up cooperation in the international and regional relations. He pointed out that the current condition in the Caucasus is very sensitive, adding that the events taking shape in the countries of region is the price which has to be paid for independence.

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Chikvaidze briefed Ruhani of the latest developments and changes in the region. He then elucidated on the Russian policy against the Chechen crisis and said he wanted the crisis resolved through political dialog and peaceful means.

The Georgian foreign minister asked for more cooperation between the two countries in the regional and international arenas.

Chikvaidze emphasized the fact that it is essential for Georgia to have strong relations with a powerful country such as Iran which enjoys both stability and significance, adding that he considered such a tie as a priviledge for Georgia.

Shevardnadze: One Chamber Parliament Until Unity Restored

LD2308174895 Moscow ITAR-TASS in English 1525 GMT 23 Aug 95

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] Tbilisi, August 23 (ITAR-TASS) — Georgia will have a one-chamber parliament until the country's territorial integrity is restored, Georgian leader Eduard Shevardnadze said as he addressed the lawmakers on Wednesday [23 August] before debates on a new constitution.

"After the jurisdiction of the Georgian government and parliament over the territories of Abkhazia and South Ossetia has been restored, a two-chamber parliament will begin to function in Georgia," he said.

Shevardnadze said all regions of the republic will be represented in a new parliament in proportion to their respective populations.

He believes that "the principle of a federative republic is acceptable to Georgia," adding that although the Abkhazian parliament has opposed the idea of a federative state, the concept of federalism remains a real means of establishing the territorial and state system of Georgia.

Abkhaz Parliament Rejects Federation Status

LD2308145395 Moscow ITAR-TASS in English 1134 GMT 23 Aug 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] Sochi, August 23 (ITAR-TASS) - The Abkhazian parliament has rejected the proposal to give Abkhazia the status of a federation subject within Georgia.

"Those who are negotiating the political settlement of the Georgian-Abkhazian conflict should follow unfailingly the constitution of the Abkhazian Republic which says that Abkhazia is a sovereign state and a subject of the international law," the Abkhazian legislature said in its statement adopted at the current session which continued its work in Sukhumi on Wednesday [23 August].

Earlier, parliament speaker Sokrat Dzhidzholia stated that the people of the republic considered the proposal to give Abkhazia the status of a federation subject as unacceptable.

Georgia and Abkahzia, at their recent consultations, discussed a druft document on principles to settle the Georgian-Abkhazian conflict. The document offered creating a federative state.

After debating the issue, the Abkhazian parliament came to the conclusion that Abkhazia should negotiate with other countries only as a sovereign state.

According to the Abkazpress news agency, the lawmakers noted that the first stage of the negotiations had born fruit: on April, 1994, in Moscow, the parties signed a declaration on measures of a political settlement of the Georgian-Abkhazian conflict. At the same time, the parliamentarians expressed concern that the negotiations tended to secrecy in recent months.

The parliament decided to hold regular hearings on the negotiations, including at the expert level, with obligatory discussions of any documents proposed by the parties or mediators. The lawmakers called on the republic's foreign ministry to provide more information to both the authorities and the mass media about the negotiations, meetings and consultations concerning the settlement of the relations between Georgia and Abkhazia.

Abkhazia Proposes New Talks With Georgia

LD2408103095 Moscow ITAR-TASS in English 0950 GMT 24 Aug 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow, August 24 (ITAR-TASS) — The leader of the Georgian breakaway enclave of Abkhazia, Vyacheslav Ardzinba, motioned that Georgia and Abkhazia resume talks in Moscow next week to settle their conflict.

Abkhazia's envoy to Moscow Igor Akhba told ITAR-TASS today that Ardzinba on Wednesday sent a letter to this effect to Russian Deputy Foreign Minister Boris Pastukhov who is in charge of Russia's mediation of dialogue between Georgia and Abkhazia.

The Abkhazian delegation to Russia-brokered talks is to be led by Leonid Lakerbay, a newly appointed "foreign minister".

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The talks are expected to start on August 29.

With earlier political agreements between Georgia and Abkhazia in the background, the focus of the talks is likely to be on reestablishment of former contacts.

Abkhazia had repeatedly stressed that equality may be the only principle of the relationship between Abkhazia and Georgia.

"Any talk of integration of Abkhazia with Georgia on an autonomous basis is out of the question," Akhba said.

Abkhazia Deputies Confirm Loyalty to Constitution

MM2308155495 Moscow ROSSIYSKAYA GAZETA in Russian 24 Aug 95 p 7

[Report by Aleksandr Pavlov: "Abkhazia: The New Challenge"]

[FBIS Translated Text] The Abkhazia parliament, which has been in session recently, has adopted a decree confirming loyalty to the principles of the republic's Constitution in accordance with which it is "a sovereign state and subject of international law." And consequently, the decree says, the participants in the talks on a political settlement of the Georgian-Abkhazian conflict should unconditionally follow the Republic of Abkhazia Constitution.

Having approved this decree the deputies voiced their attitude not only toward the negotiations process as a whole but also toward the draft document on the principles for settling the Georgian-Abkhazian conflict, which has been under examination recently during political consultations between the sides and which mentions the creation of a federative state. The parliamentarians thus rejected this option for Abkhazia's state structure.

In the opinion of experts there is nothing unexpected in that. Formerly Parliament Speaker Sokrat Dzhindzholiya stated that "the republic's people regard as unacceptable the proposal to grant Abkhazia federative status in the Georgian state structure." And the parliament deputies, having discussed the course of the Georgian-Abkhazian talks the day before the session, concluded that Abkhazia could enter into treaty relations with other states, including Georgia, only as a "sovereign state and subject of international law."

Although at the same time the deputies stressed that at the first stage of the talks some progress was achieved and this was expressed in the signing in Moscow 4 April 1994 of the "statement on measures for a political settlement of the Georgian-Abkhazian conflict." But they voiced concern at the fact that in recent months, in their opinion, alarming trends have emerged: The talks have begun to be of a "closed" nature.

And it is obviously for that reason that the participants in the session deemed it essential to hold parliamentary hearings regularly on the course of the negotiations process.

The decision of the Abkhazian deputies will, it must be supposed, give rise to emotional new debates in the Georgian parliament and will to some extent delay the negotiations process between Tbilisi and Sukhumi.

Abkhaz Foreign Minister Interviewed

954F3142A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 11 Aug 95 p 5

[Interview with Zurab Smyr, minister of foreign affairs of Abkhazia, by Vladimir Kuzmenkin; place and date not given: "We Cannot Be Separated by a Border. We Are Friends"]

[FBIS Translated Text] I have met many ministers in my time as a journalist. Of all those with whom I have had dealings, two come to mind immediately: the legendary Jacek Kuron, who was at the time minister of labor of Poland, and Zurab Smyr, minister of foreign affairs of Abkhazia. The diplomat makes people well disposed toward him from the first moments of contact: charming, likable, with refined manners, profoundly knowledgeable about his subject, and a splendid conversationalist. Plus he is, most likely, the youngest Abkhaz minister.

The conversation was commenced by Zurab Georgiyevich himself:

"We were all born in the same country, raised in the same traditions, taught at one and the same school, and studied Tolstoy, Chekhov, and Gorkiy. We embarked on our careers together and came to know what is called the Soviet Union and friendship among peoples. We never divided one another by nationality. We were citizens of one country. At the time of the formation of the USSR in 1922, Abkhazia signed the treaty also: There stands beneath the text on behalf of the Abkhaz Soviet Socialist Republic the signature of Nikolay Kirtava. Then, in 1931, in accordance with the wishes of Stalin and Beriya, the status of Union republic was downgraded to autonomy as part of Georgia. Today Abkhazia is blockaded from all sides, and there is economic and political pressure on the part of Russia with the direct support of Georgia.

"Up to 90,000 Slavs live in Abkhazia today, there are large Armenian and Greek diasporas, Georgians live here—representatives of more than 100 nationalities altogether. Despite the fact that the borders between us are closed, closed by Russia unilaterally, I believe that it is impossible to sever our blood ties and cultural

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relations. After all, our peoples have been linked for hundreds of years, and Abkhazia has always been a Caucasus Riviera, to which people would come from all over the Soviet Union."

[Kuzmenkin] What is Abkhazia's status today?

[Smyr] Our position, which was expressed at the negotiations on a settlement of the Georgian-Abkhaz conflict under the aegis of the United Nations and with the mediation of Russia, remains as before: Abkhazia wishes to establish confederative relations with Georgia, whereby Abkhazia is a subject of international law and an independent state. Georgia, on the other hand, did not until recently consent even to federal relations.... But how could what we have already had for 70 years be proposed! Four thousand persons died in Abkhazia, liberating their only motherland, their beloved land. We have no other homeland or other fate. Approximately 1 million Abkhaz live abroad (500,000 of them in Turkey) in 42 countries—a tragic fate in the 19th century cast them into foreign climes. But the culture of a people and their intrinsic substance and the prosperity and well-being of a nation can exist only in the historical homeland—where its roots and where its historical destiny are.

It is no longer possible to speak today of the relations that existed between Georgia and Abkhazia before the war. Abkhazia is de facto an independent sovereign state. As far as the negotiations are concerned, they are under way in Geneva, New York, Moscow, Sochi....

[Kuzmenkin] How many Russians live in Abkhazia today?

[Smyr] At this moment, 75,000 persons, plus a further 15,000 Slavs: Ukrainians, Belarusians.

[Kuzmenkin] I have the impression that it is these whom the closure of the border has affected most.

[Smyr] Quite right. Very many Russians came to Abkhazia in the 1920's, and the flow of them increased at the time of the Great Patriotic War. Refugees from many territories remained on this land of plenty, which became a second home for them. They are now people of the older generation, they live in cities and have no ties to the land. It is very hard for them; they cannot go to see their relatives—only on the strength of a telegram certified by a medical institution....

I am not speaking about all of Russia or the people of Russia, but there is an interested party in the government, which simply wants to cross out the ties, the friendly relations, that fraternity of ours which has developed over many decades. Many of my colleagues in the Ministry of Foreign Affairs of Russia are obliged for their position and their popularity to Mr. Shevardnadze: While he was minister of foreign affairs of the USSR, he retained a huge working staff both in Moscow and overseas. I believe that personalities play an enormous part in the interaction between states and peoples, but I would not want this to contribute to a severance of historical ties. I hope and believe in the common sense of the Russian leadership. We have very many friends in Russia, and many people understand us well.

[Kuzmenkin] We have driven around the country and seen how it is getting on. But what is more interesting, more important, is what happens next? What is your view of the future?

[Smyr] The negotiating process has been going on for more than 18 months, and I believe that it has been a great success. There is a statement on measures for a political settlement of the conflict, which was signed on 4 April of last year in Moscow, in the presence of the UN secretary general. It says that Abkhazia is a country, which has all the attributes of a state: a coat of arms, an anthem, a flag, a constitution, legislation, and so forth. An agreement on the disengagement of forces was signed on 14 May of the same year, and a CIS collective peacekeeping force was committed to the zone of confrontation, although these functions are being performed by the Russian military directly. Because the Russian Army is the one that is not just such in name only. The mandate of this force was recently extended.

Things are absolutely calm here. You may go wherever you like and see whatever you like. The resorts have not suffered at all. As far as the crime situation is concerned, I have to say that, granted all our respect for our friends in Sochi, it is far quieter here than in the Greater Sochi area. Ninety-five percent of the tourists vacationing in Sochi would always earlier come here, incidentally.

There is one thing more that I would like to say. We are friends, citizens of the same state, who have met, become friends, and spoken about world problems, war and peace included—we never could have thought that citizens of the same state would kill each other here.... Now is the time to talk about our common homeland.

The multinational people of Abkhazia have twice sent President Yeltsin and other leaders of the Russian state a message which speaks of our desire to reunite with Russia. And I hope that mutual relations where we do not communicate with each other across a closed border will be established between Abkhazia and Russia or, rather, between Russia and Abkhazia.

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Estonia

German Defense Minister Ruehe Pays Visit

Meri on NATO, PFP, Peacekeeping

WS2408075395 Tallinn Ministry of Foreign Affairs Press Release in English 1317 GMT 23 Aug 95

[Statement by President Meri after meeting with German Defense Minister Volker Ruehe, in Kadriorg on 23 August; received via Internet E-LIST]

[FBIS Transcribed Text] After this press conference, Minister Ruehe will depart to Paldiski to witness the dismantling of the last tangible relic of Soviet occupation in Estonia. When the cleanup is over, I look forward to Estonia becoming a "nuclear-free zone." The importance of this is not just environmental or security related, but it should assure our larger neighbours of our peaceful intentions. Certain signals released by NATO delineate that new members will not be expected to host troops or nuclear arms on their soil. I hope this eases the concerns of the Russians and Sam Nunn, for this is an integral part of the new NATO.

The new NATO, as it congeals by the designs of its members, is decidedly different from the one formed to oppose the Warsaw block many years ago. If you need a reason for NATO in the world today, you need not look far. Look at the 200,000 dead and 2 million refugees in the former Yugoslavia. Their hatreds are no longer fabrications of historical memory, they now manifest themselves within the very real torrent that wrecked their lives and took their loved ones. My memory is now permanently stricken by the loss of former U.S. Ambassador to Estonia Robert C. Frasure. How many more must fall due to a lack of nerve?

Estonia is concerned with some signals that NATO apparently wishes to trifurcate NATO accession, giving preference to the Visegrad countries. However, there does not seem to exist any proper defence or security policy rationale for the inclusion of some of the Central and Eastern European countries and not others. Determining preference smacks of appeasement, and if it is based on geography, follows the same illogic as the use of the term "near- abroad."

Enlargement must be to the whole of Central Europe, and include the relationship of communication and understanding now being established between Russia and NATO. If NATO is enlarged to include the Visegrad countries alone, then Estonia and the other Baltic States should be concurrently given full membership with the European Union. This could serve the purpose of communicating that the Visegrad countries and the Baltic countries are not seen from a Western European perspective as relegated to different sides of a dividing line, but all-encompassed by the same comprehensive Western European integration process.

Estonia is world renowned for its success in restoring and developing democracy. Estonia is world renowned for the vibrancy and prospects of its free market. Estonia is becoming world renowned for its readiness to contribute to the new NATO — which remains our ultimate policy objective. This is evidenced by our continued contributions to the NACC forum. We continue to extend bilateral military co-operation with NATO members, as we did recently with Norway.

We continue our enthusiastic participation in Partnership for Peace. Programs such as the now concluding Co-operative Nugget in the United States bring former foes together as future allies and the U.S.-German program that last week brought 60 parliamentarians from the Baltic States together for a defence course at the George C. Marshall European Security Centre allows us to plan for the not so distant future. The development of BALTBAT, the Baltic Peacekeeping Battalion is providing essential collaborative practice. The recent advancement by Croatia gave us some concern, as our peacekeeping troops are in the region. But when deterring aggression or sending blue helmets is necessary — Estonia is ready, willing, and able.

Ruehe, President Meri Discuss NATO

LD2308163095 Tallinn Radio Tallinn Network in Estonian 1400 GMT 23 Aug 95

[FBIS Translated Text] German Defense Minister Volker Ruehe who is visiting Estonia gave some journalists to understand today that the Estonian, Latvian, and Lithuanian fears of a possible danger of aggression from the east are in his view unfounded. The Baltic states' independence is a central factor for European countries. This is what Ruehe noted after his meeting with President Lennart Meri.

According to what the German defense minister said, Russia's approach to Estonia, Latvia, and Lithuania determines to a substantial degree also its relations with the European states. Ruehe said to journalists that normal and good relations with Russia will ensure stable development and security for Europe. At the same time, the minister noted that plans for NATO's expansion have not yet been endorsed and called speculative the opinions published in the press about there being a first, second, or a third in line for NATO membership.

According to what President Meri said, he is concerned about some signs about NATO being likely to accept new members in three batches, with the priority right going to Visegrad states. Yet no logical and serious

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defense nor security-policy arguments can be found as to why some Central and Eastern European countries should be let in and some others left out. This is what the Estonian president noted. It smacks of someone coming to an arrangement about setting these priorities, and if this is caused by geography then it is as illogical as the use of the term near abroad.

According to Volker Ruehe, the method, and when and how NATO will open up are still a subject of discussion. There are two essential developments taking place: The expansion of the European Union and NATO's possible opening. This is what Volker Ruehe said.

After his meeting with the German defense minister, President Lennart Meri noted that Estonia's aim is and will be to join NATO.

Ruehe Praises Cooperation With Estonia

LD2308164895 Tallinn Radio Tallinn Network in Estonian 1500 GMT 23 Aug 95

[FBIS Translated Excerpt] At the beginning of his 2-day visit to Estonia, German Defense Minister Volker Ruehe has acknowledged that military cooperation between the two countries is successful and that the implementation of the military cooperation agreement is progressing well. [passage omitted]

During a meeting with Estonian President Lennart Meri, the German defense minister focused on the opportunities open to the Baltic states in uniting Europe.

Latvia

German Defense Minister Holds News Conference

LD2308162395 Riga Radio Riga Network in Latvian 1300 GMT 23 Aug 95

[FBIS Translated Text] There is no such order that would determine which 11 European countries will be admitted to NATO and the European Union, German Defense Minister Volker Ruehe told a news conference today, dispelling the anxiety that has been expressed that the Baltic states would be the very last in this line. Although it is not yet clear at what pace and in what order new members will be admitted and what intermediate stages there will be, the direction is clear, the minister said.

Speaking of the Baltic peacekeeping battalion, the German defense minister acknowledged that its political significance was much greater than military, stressing that security can only be found (on the path to unity).

Volunteer Troops To Leave for Croatia 24 Aug

LD2308184095 Riga Radio Riga Network in Latvian 1800 GMT 23 Aug 95

[FBIS Translated Text] Tomorrow, 32 Latvian volunteer soldiers are leaving for Croatia. They will take part in the UN peacekeeping operations within a Danish battalion, the press secretary at the Defense Ministry reports. A resolution was issued by the Saeima last week on the incorporation of a unit from the National Armed Forces into a Danish battalion which is to take part in the UN peacekeeping operations from August this year until February next year. Lithuania and Estonia have already sent their own soldiers to the Danish battalion.

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